



Leicester  
City Council

## **MEETING OF THE AUDIT AND RISK COMMITTEE**

**DATE: TUESDAY, 31 MARCH 2015**

**TIME: 5:30 pm**

**PLACE: Meeting Room G.01, Ground Floor, City Hall, 115 Charles Street, Leicester, LE1 1FZ**

### **Members of the Committee**

Councillor Westley (Chair)

Councillor Dr. Moore (Vice-Chair)

Councillors Alfonso, Dr Chowdhury, Desai, Grant and Naylor

Members of the Committee are summoned to attend the above meeting to consider the items of business listed overleaf.

for Monitoring Officer

**Officer contact: Angie Smith**  
*Democratic Support, Democratic Services*  
*Leicester City Council,*  
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- ✓ to respect the right of others to view and hear debates without interruption;
- ✓ to ensure that the sound on any device is fully muted and intrusive lighting avoided;
- ✓ where filming, to only focus on those people actively participating in the meeting;
- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

## Further information

If you have any queries about any of the above or the business to be discussed, please contact Angie Smith, **Democratic Support** on (0116) 454 6354 or email [Angie.Smith@leicester.gov.uk](mailto:Angie.Smith@leicester.gov.uk) or call in at City Hall, 115 Charles Street.

For Press Enquiries - please phone the **Communications Unit** on 0116 454 4151

## **PUBLIC SESSION**

### **AGENDA**

**1. APOLOGIES FOR ABSENCE**

**2. DECLARATIONS OF INTEREST**

Members are asked to declare any interests they may have in the business on the agenda.

**3. MINUTES OF THE PREVIOUS MEETING **Appendix A****

The minutes of the meeting of the Audit and Risk Committee held on 4<sup>th</sup> February 2015 are attached and Members will be asked to confirm them as a correct record.

**4. ANNUAL REPORT - CERTIFICATION OF CLAIMS AND RETURNS (GRANTS) 2013/14 **Appendix B****

The External Auditor submits an Annual Report for the Certification of Claims and Returns for 2013/14. The Committee are asked to note the report.

**5. EXTERNAL AUDIT PLAN FOR FINANCIAL YEAR 2014-15 **Appendix C****

The External Auditor submits a document that sets out how they will deliver their financial statements audit work for Leicester City Council, and the approach to value for money (VFM) work for 2014/15. The Committee are asked to note the report.

**6. PROCUREMENT PLAN 2015-16 **Appendix D****

The Director of Finance submits a report to Audit and Risk Committee on the 2015-16 Procurement Plan and a list of forthcoming procurement activity above EU thresholds anticipated in the coming year. The Committee is asked to note the report.

Following instruction from the Monitoring Officer, the previously incorrect version of the appendix attached to this report has been removed and replaced with the version now appended. For any queries, please contact Democratic Support on (0116) 454 6354.

**7. UPDATE ON REGULATION OF INVESTIGATORY POWERS ACT (RIPA) STATISTICS AND PERFORMANCE REPORT - 1 JULY 2014 TO 31 DECEMBER 2014 **Appendix E****

The City Barrister and Head of Standards submits a report on the performance of the Council in authorising Regulation of Investigatory Powers Act (RIPA) applications, from 1<sup>st</sup> July 2014 to 31<sup>st</sup> December 2014. The Committee is recommended to receive the report and note its contents, and make any recommendations or comments it sees fit either to the Executive or City Barrister and Head of Standards.

**8. ANNUAL REVIEW OF THE COUNCIL'S ASSURANCE FRAMEWORK, LOCAL CODE OF CORPORATE GOVERNANCE AND THE AUDIT & RISK COMMITTEE'S TERMS OF REFERENCE** [Appendix F](#)

The Director of Finance and the City Barrister & Head of Standards will present a joint report to seek the Committee's approval of updates to the assurance and corporate governance processes at the City Council and the Committee's own terms of reference.

The Committee is recommended to confirm:

1. that no material changes to the Assurance Framework are needed and agree that it shall form the basis on which the Council will compile its Annual Governance Statement for the financial year 2014-15.
2. that no material changes to the Local Code of Corporate Governance are needed.
3. approve the proposed minor amendment to the Committee's terms of reference.

**9. ANNUAL REVIEW OF THE INTERNAL AUDIT CHARTER** [Appendix G](#)

The Director of Finance submits a report to seek the Committee's approval of minor updates to the Internal Audit Charter

The Committee is recommended to approve the updated Internal Audit Charter and agree that it accurately reflects the terms of reference of the Internal Audit service.

**10. INTERNAL AUDIT PLAN 2015-16** [Appendix H](#)

The Director of Finance submits to the Audit & Risk Committee the Internal Audit Plan for the financial year 2015-16 for approval, and seeks views on priorities for Internal Audit work in the year ahead.

The Committee are asked to consider and approve the Internal Audit Plan for 2015-16 and note the context and anticipated priorities for next year's audit work, and to make such comments and recommendations as they see fit.

**11. INTERNAL AUDIT - FIRST QUARTER OPERATIONAL PLAN 2015-16** [Appendix I](#)

The Director of Finance submits a report that sets out the Internal Audit

operational plan for the first quarter of 2015-16. The Audit and Risk Committee is asked to note the report.

**12. PROPOSED SCHEDULE OF MEETINGS FOR THE FINANCIAL YEAR 2015-16** [Appendix J](#)

The Director of Finance presents to the Audit and Risk Committee a proposed schedule of meetings and suggested agencies for the Financial Year 2015-16. The Committee is recommended to note and accept the proposed plan content, and raise any issues or questions with the report author or the Director of Finance.

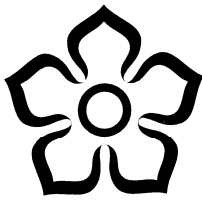
**13. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT INCLUDING JANUARY RISK REGISTERS** [Appendix K](#)

The Director of Finance submits a report that provides Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

The Committee is recommended to receive the report and note its contents, and make any recommendations or comments it sees fit either to the Executive or Director of Finance.

**14. ANY OTHER URGENT BUSINESS**





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# Appendix A

Minutes of the Meeting of the  
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 4 FEBRUARY 2015 at 6:00 pm

P R E S E N T:

Councillor Westley (Chair)  
Councillor Dr. Moore (Vice Chair)

Councillor Alfonso  
Councillor Dr Chowdhury

Councillor Desai  
Councillor Naylor

Also Present:

Adrian Benselin – KPMG LLP (External Auditor)

\* \* \* \* \*

**1. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Grant, and John Cornett, Director KPMG LLP.

**2. DECLARATIONS OF INTEREST**

Councillor Dr. Chowdhury declared he was in receipt of a concessionary bus pass.

**3. MINUTES OF THE PREVIOUS MEETING**

The Committee received the minutes of the meeting held on 3<sup>rd</sup> December 2014.

AGREED:

that the minutes of the previous meeting of the Audit and Risk Committee held on 3<sup>rd</sup> December 2014 be confirmed as a correct record.

**4. ANNUAL REPORT OF THE NATIONAL FRAUD INITIATIVE (NFI)**

The Director of Finance submitted a report to update the Audit and Risk Committee of the National Fraud Initiative (NFI) exercise currently under way.

The Head of Revenue and Benefits presented the report, and drew particular attention to the following points:

The Audit Commission identified recommended data-matches. Where there were large volumes of data for checking, officers would select a sample. Examples of different matches included Housing Benefit claimants who were not entitled to claim because they were in receipt of student loans, or housing tenants who appeared to be resident at two addresses. Data submitted to the Audit Commission on 6 October 2014 was expected to be available for checking from 29 January 2015.

In addition to the NFI exercise, the Revenues and Benefits Section also undertook data-matching using a company called Datatank Limited. Council Tax Single Person Discount (SPD) caseload data was sent to Datatank for matching against different datasets. Data required for the 2015 SPD and rising 18's exercise would be submitted later in February 2015, and would be available for checking shortly after.

The Audit and Risk Committee Members commended the Investigations Team for the amount of identified discounts that had been stopped.

RESOLVED:

that the report be noted.

## **5. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE - JANUARY 2015**

The External Auditor submitted a report with an overview of progress in delivering their responsibilities as external auditors. The report also highlighted the main technical issues which were currently having an impact in local government.

Members were informed that the planning process for the 2015 audit was under way and there was nothing to report presently. The detailed audit plan would be brought to the next meeting of the Audit and Risk Committee. The following were brought to Members' attention:

- KPMG and Shelter launched a joint report on the nation's housing shortage, and talked about putting housing at the centre of City Deals. Further information could be found at the link contained in the report.
- The technical update referred to the Better Care Fund, and the finance, governance, and operational arrangements that Clinical Commissioning Groups (CCGs) and local authorities needed to discuss to ensure funds were managed.
- The new Code of Audit Practice for the audit of local public bodies should come into effect from 1 April 2015.
- The Audit Commission has had approved a supplementary fee of £1,070 for the audit of accounts for 2014/15 for audit work required on business rates.
- Following the published Protecting the Public Purse 2014 (PPP2014) report



(23/10/2014), fraud briefings have been issued to auditors, and the Audit Commission was discussing with officers how best to present information to Members.

Members agreed the projected average house price increase was phenomenal, and that more social housing was required, not just affordable housing. They also believed that the research from KPMG and Shelter regarding more than half of 20-34 year olds living with their parents by 2040 was already evident as there was a shortage of affordable properties.

Members requested further detail on the Council tax and business rate collection value for money briefing. They also asked if the 1% to 32% Council tax debt written off was part of or in addition to the proportion of debt collected. The External Auditor would provide additional information to Members.

The Chair thanked the External Auditor for the report.

RESOLVED:

1. that the Audit and Risk Committee receive the report and note its contents.
2. that the External Auditor provide additional information to Members on Council tax and business rate collection value for money briefing, and detail on the 1% to 32% Council tax debt written off, and if it was part of or in addition to the proportion of debt collected.

## **6. PROCUREMENT PLAN UPDATE 2014/15**

The Director of Finance submitted a report to inform the Audit and Risk Committee of progress against the Plan and approval for the updated 2014/15 Procurement Plan which alerts all stakeholders of the potential up and coming major procurement activity across the Council.

The Head of Procurement informed the meeting that the report set out requirements in the constitution and procedural reports and was an update to the original Procurement Plan. Members were told good progress with procurement had been made, and of the 61 procurement exercises included in the original Plan, 32 were in progress, 10 had not started, 17 had contracts awarded and 2 had been cancelled.

Members were also told that further promotion of the Source Leicestershire website where contract opportunities were published had seen an increase in website visits, now 6,300 per month. The Council has also engaged with smaller businesses, with 57% of contracts won by small organisations (less than 50 employees) in 2013/14. Members were also asked to note that there had been a significant reduction in waivers of Contract Procedure Rules being approved in 2014/15.

The Chair thanked the Head of Procurement for the report.

RESOLVED:

1. that the report and its contents be noted.
2. that the Committee make any recommendations or comments it sees fit either to the Executive or Director of Finance.

## **7. REVIEW OF WHISTLEBLOWING POLICY**

The City Barrister and Head of Standards presented a report that invited the Audit and Risk Committee to review the Whistleblowing Policy which had been in place since May 2013.

Members were informed the policy had been written to explain clearly what whistleblowing was and the relationship to other council policies, which Members had to ensure was readable and fit for purpose.

The City Barrister and Head of Standards stated no revisions had been made to the policy, which had assisted potential whistleblowers after they had read the policy, and directed them to line management or above. He added that as Monitoring Officer he was satisfied that the policy appropriately provided for employee protection, and was simple to read. He added the policy did discourage people from making anonymous complaints, but people would be protected from adverse treatment.

Members noted the policy and agreed that no changes were necessary.

The Chair thanked the City Barrister and Head of Standards for the report.

RESOLVED:

1. that the report and its contents be noted.
2. that the Committee make any recommendations or comments it sees fit either to the City Barrister and Head of Standards.

## **8. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT**

The Director of Finance submitted a report updating the Audit and Risk Committee on the work of the Council's Risk Management and Insurance Services Team's activities.

The Head of Internal Audit and Risk Management introduced the report, and drew Members' attention to the following:

- Following incidents and near-misses in several parks in Leicester, the Head of Service for Parks was proactive in requesting risk assessment training to 16 staff members, and a further session was arranged for the remaining 14 staff members. There were also a further 145 staff in Housing who wanted the same training.
- A summary report of claims against the Council received between 1 April 2014 and 31 December 2014 was included in the report. The year-on-year figures for claims continued to go down as more claims were investigated in-house, and processes were working well.

- Two significant events were reported, although none required formal intervention by the Corporate Business Continuity team. Firstly there was power loss to Greyfriars over a period of two days in November 2014, with further shorter power cuts over several days which had been resolved. Secondly, Phoenix House was evacuated when a suspicious package was located outside of the building on 25 November 2014. Evacuating the building was the wrong thing to do, and the Risk Management and Insurance Services Team have visited to introduce procedures, which will be rolled out across the council. The council was also working with police on counter terrorism, and asked for people to be vigilant.
- At the time of the meeting there were 1,400 tonnes of grit alt in stock for winter road gritting.
- Members' attention was drawn to a report in *The Times* newspaper on 4<sup>th</sup> November 2014, and recycling rates in Great Britain. A positive report on recycling and composting rates in Leicester was given at 43% for 2013/14, which compared favourably with other city councils.

Members asked whether Biffa would be penalised for non-collection of refuse bins during the recent snow. Officers did not have details of the contract with Biffa, but did believe the company had a duty of care for their staff during hazardous conditions, and speculated they would not have taken the decision to cancel refuse collection rounds lightly. The Director of Finance said a note on the contractual arrangements with Biffa would be made available to Audit & Risk Committee Members.

The recent collapse of scaffolding on Charles Street was raised. It was reported a strategic director and an operational director were quickly on site, alongside emergency services. A Health and Safety Executive (HSE) also visited the site, and Highways closed the roads, which were re-opened around 4.30pm once the HSE had finished.

The Chair thanked the Head of Internal Audit and Risk Management for the report.

RESOLVED:

1. that the report be noted;
2. that the Director of Finance provide a note on the contractual arrangements with Biffa to Audit & Risk Committee Members.

## **9. LEICESTER CITY COUNCIL'S RISK MANAGEMENT AND BUSINESS CONTINUITY MANAGEMENT STRATEGIES AND POLICIES FOR 2015**

The Director of Finance submitted a report for the Audit & Risk Committee to note the final version which remained as agreed at the Audit and Risk Committee Meeting on 29<sup>th</sup> October 2014. The reported was presented by the Head of Internal Audit and Risk Management.

The Committee was recommended to note the 2015 Corporate Risk Management Strategy and Policy Statement at Appendix 1, which sets out the

Council's attitude to risk and the approach to be adopted to manage the challenges and opportunities facing the Council, and note the 2015 Corporate Business Continuity Management Strategy and Policy Statement at Appendix 2.

The Chair thanked the Head of Internal Audit and Risk Management for the report.

RESOLVED:

that the Committee

1. note the 2015 Corporate Risk Management Strategy and Policy Statement at Appendix 1.
2. note the 2015 Corporate Business Continuity Management Strategy and Policy Statement at Appendix 2.

## **10. ANY OTHER URGENT BUSINESS**

The Head of Revenue and Benefits gave a brief outline of the new telephone system at the Council. Members were informed the main council line took approximately 60,000 calls per month for a range of council services, which was higher than the 54,000 benchmark. General enquiries included information on parking, local taxation, housing benefit, housing repairs and school admissions.

The meeting was informed that some of the issues and barriers to performance resulted from the absence of agency staff (call handlers), with regular 10% absence of staff. There had also been system issues over the past quarter, with service outage and extended waiting times due to electrical issues. The move of the Data Centre had caused widespread system slowness and issues in July 2014. The system had also taken on additional services, for example, Electoral Services in July 2014. There had been a lot of disruption through which staff had coped extremely well, and waiting times were now managed.

Members queried why they could not see the phone number of officers who had called them from the Council. They added they used to have the direct numbers of officers they wished to speak to, and were finding it difficult to carry out their role as Councillor. Members were informed the new system could not have separate phone numbers and all phone numbers had changed, but the automated system allowed Members to say the name of the person they wished to be connected to.

## **11. CLOSE OF MEETING**

The meeting closed at 7.35pm.

# Appendix B



**KPMG LLP**  
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Alison Greenhill  
Director of Finance  
Leicester City Council  
City Hall  
115 Charles Street  
Leicester, LE1 1FZ

Our ref LCC/2544066/grants

27 February 2015

Dear Alison

## **Certification of claims and returns – annual report 2013/14**

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2013/14.

In 2013/14 we carried out certification work on the following claims/returns:

<b>Claim/return</b>	<b>Certified value (£)</b>
BEN01 – Housing Benefit subsidy claim	139,172,604
CFB06 – Pooling of Housing Capital Receipts	6,926,042
<b>Total</b>	<b>146,098,646</b>

## **Summary**

We certified:

- the Housing Benefit subsidy claim with amendment, and with a qualification letter.
- the Pooling of Housing Capital Receipts return without qualification or amendment.

### **Housing Benefit subsidy claim**

For the first time in several years the claim met the certification deadline of 30 November. Minor amendments were made to the claim. A qualification letter was required, due to a number of recurring errors, mainly the inclusion of incorrect earnings and tax credits in benefit entitlement calculations. In accordance with the certification instruction a qualification letter was mandated as a result of identifying errors of this nature.

We did not identify any new significant issues in 2013/14. In Appendix 2 we repeat the same recommendations as contained in our 2012/13 certification of grants and returns report as they continue to apply.

The audit approach is mandated by the Audit Commission and DWP. This requires additional testing to be carried out where errors were discovered in prior years, on the basis that they may recur in the current year. Discovery tests are exposing fewer errors than before and it is a consequence of the volume of testing that errors are repeatedly found. Due to the number of errors discovered in previous years, the Council is locked into testing a large volume of cases each year. Action is being taken to address the causes, for example through training of assessors, but the Quality Assurance team cannot devote as much time as is required to putting things right. Action has been taken in response to recommendations made in prior years but requires continuous commitment to training and quality to minimise the number of recurring errors. We acknowledge that the Quality Assurance team have been proactive in correcting the errors that they discover.

**Pooling of Housing Capital Receipts return**

Testing was carried out by your Internal Audit section. We re-performed elements of their work and found this to be of a good standard, with conclusions well evidenced, allowing us to place reliance on their work.

**Certification work fees**

The Audit Commission set an indicative fee for our certification work in 2013/14 of £78,271. Our actual fee was the same as the indicative fee, and this compares to the 2012/13 fee for these claims of £82,600. The details are set out in the table below.

Claim	2013/14 Indicative fee (£)	2013/14 Final fee (£)	2012/13 Final fee (£)
BEN01 – Housing Benefit subsidy claim	78,007*	78,007	81,658
CFB06 – Pooling of Housing Capital Receipts	264	264	942**
<b>Total</b>	<b>78,271</b>	<b>78,271</b>	<b>82,600</b>

\*The indicative fee is set by the Audit Commission and is reduced in 2013-14 as localisation of council tax benefit has meant that it is no longer part of the Housing Benefit subsidy claim.

\*\*Significant amendments were made to the 2012/13 Pooling of Housing Capital Receipts Return.

Yours sincerely



John Cornett  
 Director

### Appendix 1 – 2013/14 Certification of Claims and Returns Action Plan

6

Priority rating for recommendations		
<p>❶ Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>❷ Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>❸ Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Number	Issue	Recommendation	Priority	Management comments
<b>Housing Benefits</b>				
1	A high level of errors contributes to the amount of subsidy clawback each year. By taking action to eliminate errors, the Council could reduce the amount of subsidy clawed back.	No new issues have arisen this year. Recommendations in respect of prior year issues are set out in Appendix 2.	❷	It has been acknowledged by auditors that the discovery tests have not identified any new errors and the quantity of work required for the audit stems from DWP instruction on the repeated checking of previous errors found. We are continuing to be proactive in our actions to address repeated errors by working on reports identifying potential errors as well as instructions and Top Tip notes issued to operational staff with the aim to improve quality.

**Appendix 2 – Follow up of 2012/13 Certification of Claims and Returns Recommendations**

Number	Prior year recommendation	Priority	Status as at January 2015	Management comments
<b>Housing Benefits</b>				
1	Take prompt action to address matters in our housing benefits qualification letters, to reduce the level of errors being repeated in subsequent years.	②	Ongoing.	We have continued with prompt responses to any areas of error that we have found, as they have been discovered in the audit testing and even before being reported in the qualification letter. For example this year an issue of applying incorrect child care costs to claims resulted in immediate changes to current working practices and the introduction of a new document that claimants need to complete to ensure we have more accurate and up to date information on child care costs to ensure entitlement awarded is correct.
2	Resume regular reporting to the Audit & Risk Committee on progress being made in response to the review of the benefits service in August 2009.	②	This matter is still outstanding and is to be completed.	Although a number of measures have been put into place that have improved standards, a formal action plan has not been drawn up and is to be done this year. Reporting to the Audit & Risk Committee also still needs to be resumed.

10



This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett who is the engagement leader to the Authority (telephone 0116 256 6064, e-mail john.cornett@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 0303 444 8330.





*cutting through complexity*

# External Audit Plan 2014/15

Leicester City Council

February 2015

Appendix C

**The contacts at KPMG in connection with this report are:**

**John Cornett**

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## Report sections

	Page
■ Introduction	2
■ Headlines	3
■ Our audit approach	4
■ Key financial statements audit risks	10
■ VFM audit approach	13
■ Audit team, deliverables, timeline and fees	17

## Appendices

1. Independence and objectivity requirements	21
2. Quality assurance and technical capacity	22
3. Assessment of Fraud Risk	24
4. Transfer of Audit Commission's functions	25

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk), who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 1<sup>st</sup> Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 03034448330.

This document describes how we will deliver our audit work for Leicester City Council.

### Scope of this report

This document supplements our *Audit Fee Letter 2014/15* presented to you in April 2014. It describes how we will deliver our financial statements audit work for Leicester City Council ('the Authority'). It also sets out our approach to value for money (VFM) work for 2014/15.

We are required to satisfy ourselves that your accounts comply with statutory requirements and that proper practices have been observed in compiling them. We use a risk based audit approach.

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary.

### Statutory responsibilities

Our statutory responsibilities and powers are set out in the *Audit Commission Act 1998* and the Audit Commission's *Code of Audit Practice*.

The *Code of Audit Practice* summarises our responsibilities into two objectives, requiring us to audit/review and report on your:

- *financial statements (including the Annual Governance Statement):* providing an opinion on your accounts; and
- *use of resources:* concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The Audit Commission's *Statement of Responsibilities of Auditors and Audited Bodies* sets out the respective responsibilities of the auditor and the Authority.

The Audit Commission will cease to exist on 31 March 2015. However our audit responsibilities under the *Audit Commission Act 1998* and the *Code of Audit Practice* in respect of the 2014/15 financial year remain unchanged.

Details of the new arrangements are set out in Appendix 4. The Authority can expect further communication from the Audit Commission and its successor bodies as the new arrangements are established. This plan restricts itself to reference to the existing arrangements.

### Structure of this report

This report is structured as follows:

- Section 2 includes our headline messages, including any key risks identified this year for the financial statements audit and Value for Money arrangements Conclusion.
- Section 3 describes the approach we take for the audit of the financial statements.
- Section 4 provides further detail on the financial statements audit risks.
- Section 5 explains our approach to VFM arrangements work.
- Section 6 provides information on the audit team, our proposed deliverables, the timescales and fees for our work.

### Acknowledgements

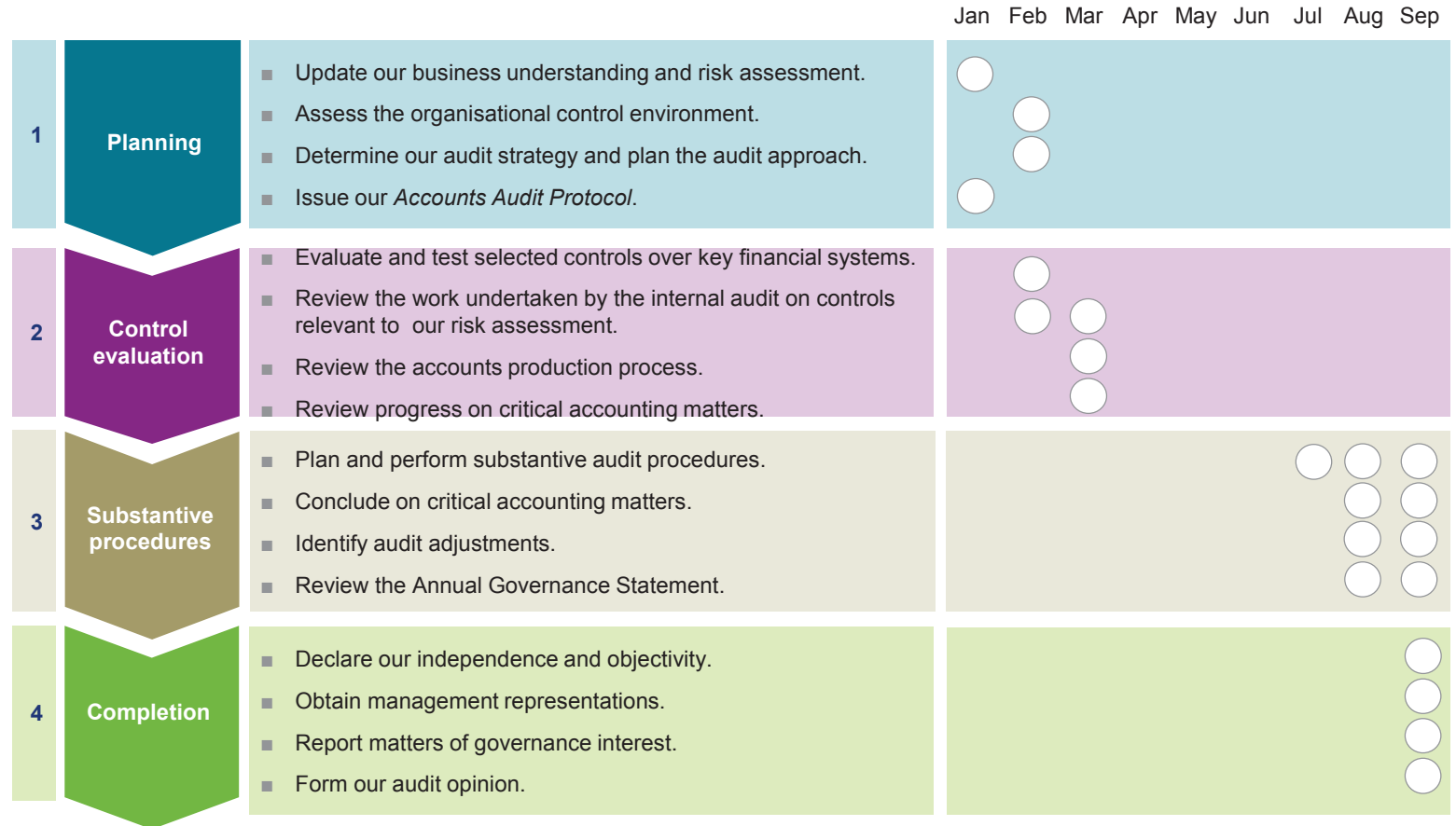
We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

<b>Audit approach</b>	<p>Our overall audit approach remains similar to last year with no fundamental changes . Our work is carried out in four stages and the timings for these, and specifically our on site work, have been agreed with the Director of Finance.</p> <p>Our audit strategy and plan remain flexible as risks and issues change throughout the year. We will review the initial assessments presented in this document throughout the year and should any new risks emerge we will evaluate these and respond accordingly.</p>
<b>Key financial statements audit risks</b>	<p>We have completed our initial risk assessment for the financial statements audit and have identified the following significant risks:</p> <ul style="list-style-type: none"> <li>■ Accounting for Local Authority Maintained Schools. CIPFA have issued definitive clarification of existing guidance on significant entries to be included in the financial statements; and</li> <li>■ The in-year change of banking services provider from Co-op to Barclays. The Authority will need to ensure the accurate transfer of balances and update of financial systems to reflect this change.</li> </ul> <p>These are described in more detail on pages 11 and 12. We will assess these risk areas as part of our interim work and conclude this work at year end.</p>
<b>VFM audit approach</b>	<p>We will report on the results of the VFM audit through our ISA 260 Report.</p> <p>We have not identified any specific VFM risks at this stage of the audit.</p>
<b>Audit team, deliverables, timeline and fees</b>	<p>There has been no change to the audit team from last year.</p> <p>Our main year end audit is currently planned to commence on 10 August 2015. Upon conclusion of our work we will present our findings to you in our <i>Report to Those Charged with Governance (ISA 260 Report)</i>.</p> <p>The planned fee for the 2014/15 audit is £195,470. This has been uplifted by £1,070 from the £194,400 as set out in our Audit Fee Letter 2014/15 to take account of additional work being undertaken as a result of no longer certifying the NNDR return.</p>

We undertake our work on your financial statements in four key stages during 2015:

- **Planning** (January to February).
- **Control Evaluation** (February to March).
- **Substantive Procedures** (August to September).
- **Completion** (September).

We have summarised the four key stages of our financial statements audit process for you below:



During January and February 2015 we complete our planning work.

We assess the key risks affecting the Authority’s financial statements and discuss these with officers.

We assess if there are any weaknesses in respect of central processes that would impact on our audit.

Our planning work takes place in January and February 2015. This involves the following aspects:

Planning

- Update our business understanding and risk assessment including fraud risk.
- Assess the organisational control environment.
- Determine our audit strategy and plan the audit approach.
- Issue our *Accounts Audit Protocol*.

### Business understanding and risk assessment

We update our understanding of the Authority’s operations and identify any areas that will require particular attention during our audit of the Authority’s financial statements.

We identify the key risks including risk of fraud affecting the Authority’s financial statements. These are based on our knowledge of the Authority, our sector experience and our ongoing dialogue with Authority staff. Any risks identified to date through our risk assessment process are set out in this document. Our audit strategy and plan will, however, remain flexible as the risks and issues change throughout the year. It is the Authority’s responsibility to adequately address these issues. We encourage the Authority to raise any technical issues with us as early as possible so that we can agree the accounting treatment in advance of the audit visit.

We meet with the corporate finance team on a regular basis, and with the Director of Finance on a bi-monthly basis to consider issues and how they are addressed during the financial year end closedown and accounts preparation.

### Organisational control environment

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would impact on our audit.

In particular risk management, internal control and ethics and conduct have implications for our financial statements audit. The scope of the relevant work of your internal auditors also informs our risk assessment.

### Audit strategy and approach to materiality

Our audit is performed in accordance with International Standards on Auditing (ISAs) (UK and Ireland). The Engagement Lead sets the overall direction of the audit and decides the nature and extent of audit activities. We design audit procedures in response to the risk that the financial statements are materially misstated. The materiality level is a matter of professional judgement and is set by the Engagement Lead.

In accordance with ISA 320 (UK&I) ‘*Audit materiality*’, we plan and perform our audit to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. Information is considered material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

Further details on assessment of materiality is set out on page 6 of this document.



When we determine our audit strategy we set a monetary materiality level for planning purposes.

For 2014/15 we have set this at £20 million.

We will report all audit differences over £1 million to the Audit and Risk Committee.

We will issue our *Accounts Audit Protocol* following completion of our planning work.

### Materiality

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

- Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.
- Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.
- Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

Materiality for planning purposes has been set at £20 million, which equates to 2 percent of gross expenditure.

We design our procedures to detect errors in specific accounts at a lower level of precision.

### Reporting to the Audit and Risk Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Risk Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) '*Communication with those charged with governance*', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 (UK&I), '*Evaluation of misstatements identified during the audit*', requires us to request that uncorrected misstatements are corrected.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1 million.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Risk Committee to assist it in fulfilling its governance responsibilities.

### Accounts audit protocol

At the end of our planning work we will issue our *Accounts Audit Protocol*. This important document sets out our audit approach and timetable. It also summarises the working papers and other evidence we require the Authority to provide during our interim and final accounts visits.

We met with the Core Finance Team to discuss mutual learning points from the 2013/14 audit. These will be incorporated into our work plan for 2014/15. We revisit progress against areas identified for development as the audit progresses.

During February and March 2015 we will complete our interim audit work.

We assess if controls over key financial systems were effective during 2014/15.

We work with your finance team to enhance the efficiency of the accounts audit.

**2** We will report any significant findings arising from our work to the Audit and Risk Committee.

Our on site interim visit will be completed during February and March. During this time we will complete work in the following areas:

- Control Evaluation**
- Evaluate and test controls over key financial systems identified as part of our risk assessment.
  - Review the work undertaken by the internal audit function on controls relevant to our risk assessment.
  - Review the accounts production process.
  - Review progress on critical accounting matters.

### Controls over key financial systems

We update our understanding of the Authority’s key financial processes where our risk assessment has identified that these are relevant to our final accounts audit and where we have determined that this is the most efficient audit approach to take. We confirm our understanding by completing walkthroughs for these systems. We then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

### Review of internal audit

Where our audit approach is to undertake controls work on financial systems, we seek to review any relevant work internal audit have completed to minimise unnecessary duplication of work. This will inform our overall risk assessment process. Our audit fee is set on the assumption that we can place reliance on their work.

### Critical accounting matters

We will discuss the work completed to address the specific risks we identified at the planning stage. Wherever possible, we seek to review relevant workings and evidence and agree the accounting treatment as part of our interim work.

If there are any significant findings arising from our interim work we will present these to the next available Audit and Risk Committee meeting.

**During August and September 2015 we will be on site for our substantive work.**

**We complete detailed testing of accounts and disclosures and conclude on critical accounting matters, such as specific risk areas. We then agree any audit adjustments required to the financial statements.**

**We also review the Annual Governance Statement for consistency with our understanding.**

**We will present our ISA 260 Report to the Audit and Risk Committee in September 2015.**

Our final accounts visit on site has been provisionally scheduled for the period 10 August 2015 to 4 September 2015. During this time, we will complete the following work:

### Substantive Procedures

- Plan and perform substantive audit procedures.
- Conclude on critical accounting matters.
- Identify and assess any audit adjustments.
- Review the Annual Governance Statement.

### Substantive audit procedures

We complete detailed testing on significant balances and disclosures. The extent of our work is determined by the Engagement Lead based on various factors such as our overall assessment of the Authority's control environment, the effectiveness of controls over individual systems and the management of specific risk factors.

### Critical accounting matters

We conclude our testing of key risk areas identified at the planning stage and any additional issues that may have emerged since.

We will discuss our early findings of the Authority's approach to address the key risk areas with the Principal Accountant – Corporate Accountancy in August 2015, prior to reporting to the Audit and Risk Committee in September 2015.

### Audit adjustments

During our on site work, we will meet with the Principal Accountant – Corporate Accountancy on a weekly basis to discuss the progress of the audit, any differences found and any other issues emerging.

At the end of our on site work, we will hold a closure meeting, where we will provide a schedule of audit differences and agree a timetable for the completion stage and the accounts sign off.

To comply with auditing standards, we are required to report uncorrected audit differences to the Audit and Risk Committee. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

### Annual Governance Statement

We are also required to satisfy ourselves that your Annual Governance Statement complies with the applicable framework and is consistent with our understanding of your operations. Our review of the work of internal audit and consideration of your risk management and governance arrangements are part of this.

We report the findings of our audit of the financial statements work in our *ISA 260 Report*, which we will issue in September 2015.

In addition to the financial statements, we also review the Authority's Whole of Government Accounts pack.

We may need to undertake additional work if we receive objections to the accounts from local electors.

We will communicate with you throughout the year, both formally and informally.

22

### Whole of government accounts (WGA)

We are required to review and issue an opinion on your WGA consolidation to confirm that this is consistent with your financial statements. The audit approach has been agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and issue of our opinion on the pack have not yet been confirmed.

### Elector challenge

The Audit Commission Act 1998 gives electors certain rights. These are:

- the right to inspect the accounts;
- the right to ask the auditor questions about the accounts; and
- the right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the Audit Commission's fee scales.

### Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the Principal Accountant – Corporate Accountancy and the Audit and Risk Committee. Our deliverables are included on page 18.

### Independence and objectivity confirmation

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Audit and Risk Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 *Integrity, Objectivity and Independence* requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Appendix 1 provides further detail on auditors' responsibilities regarding independence and objectivity.

### Confirmation statement

We confirm that as of date of this report in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.

**In this section we set out our assessment of the significant risks or other key areas of audit focus of the Authority's financial statements for 2014/15.**

**For each key risk area we have outlined the impact on our audit plan.**

23

Professional standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our *ISA 260 Report*.

- Management override of controls – Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- Fraudulent revenue recognition – We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

Appendix 3 covers more details on our assessment of fraud risk.


The table below sets out the significant risks we have identified through our planning work that are specific to the audit of the Authority's financial statements for 2014/15.

We will revisit our assessment throughout the year and should any additional risks present themselves we will adjust our audit strategy as necessary.

For each key risk area we have outlined the impact on our audit plan.

Key audit risks/Area of other audit focus	Impact on audit
<p>Accounting for Local Authority Maintained Schools</p> <p><b>Audit areas affected</b></p> <ul style="list-style-type: none"> <li>■ Property Plant and equipment</li> <li>■ CIES (Income /Expenditure)</li> </ul>	<p><b>Risk</b>            LAAP Bulletin 101 <i>Accounting for School Assets used by Local Authority Maintained Schools</i> issued in December 2014 has been published to assist practitioners with the application of the Code in this respect. The challenges relate to school assets owned by third parties such as church bodies and made available to school governing bodies under a variety of arrangements. This includes assets used by Voluntary-Aided (VA) and Voluntary-Controlled (VC) Schools as well as Foundation Schools.</p> <p>The Authority will need to review the agreements under which assets are used by VA/VC and Foundation schools and apply the relevant tests of control in the case of assets made available free of charge, or risks and rewards of ownership in the case of assets made available under leases. This is a key area of judgement and there is a risk that the Authority could incorrectly omit school assets from, or include school assets in, their balance sheet.</p> <p>Particular risks surround the recognition of Foundation School assets which may or may not be held in Trust. The Authority should pay particular attention to the nature of the relationship between the Trustees and the school governing body to determine whether the school controls the Trust and the assets should therefore be consolidated into the balance sheet.</p> <p><b>Our proposed audit work</b>            As part of our audit, we will ensure the Authority is aware of the latest guidance and review the judgements it has made. This will include:</p> <ul style="list-style-type: none"> <li>- Determining whether the Authority has identified all relevant maintained schools within its area and undertaken a review of the agreements underpinning the use of school assets by VA, VC and Foundation schools;</li> <li>- Considering the Authority's application of the relevant accounting standards to account for these schools and challenging its judgements where necessary; and</li> <li>- Determining whether the basis of valuation of any assets which are brought onto the balance sheet at 1 April 2013 is appropriate and the valuations are undertaken by qualified valuers (if applicable).</li> </ul>

For each key risk area we have outlined the impact on our audit plan.

Key audit risks/Area of other audit focus	Impact on audit
 <p><b>Change of banker</b></p> <p><b>Audit areas affected</b></p> <ul style="list-style-type: none"> <li>Financial Statements</li> </ul>	<p><b>Risk</b></p> <p>The Authority changed banking services from Co-op to Barclays in February 2015. This represents a significant change to how banking transactions are set up and processed. There is a risk that:</p> <ul style="list-style-type: none"> <li>bank balances have not been accurately transferred to Barclays; and</li> <li>amounts credited directly to the bank account by third parties are omitted.</li> </ul> <p><b>Our proposed audit work</b></p> <p>We will review the Authority's arrangements for ensuring the accurate transfer of bank balances, amending the general ledger and ensuring completeness of income to reflect the change in bank provider.</p>

Our approach to VFM work follows guidance provided by the Audit Commission.

### Background to approach to VFM work

In meeting their statutory responsibilities relating to economy, efficiency and effectiveness, the Commission's *Code of Audit Practice* requires auditors to:

- plan their work based on consideration of the significant risks of giving a wrong conclusion (audit risk); and
- carry out only as much work as is appropriate to enable them to give a safe VFM conclusion.

To provide stability for auditors and audited bodies, the Audit Commission has kept the VFM audit methodology unchanged from last year. There are only relatively minor amendments to reflect the key issues facing the local government sector.

The approach is structured under two themes, as summarised below.

Specified criteria for VFM conclusion	Focus of the criteria	Sub-sections
The organisation has proper arrangements in place for securing <b>financial resilience</b> .	The organisation has robust systems and processes to: <ul style="list-style-type: none"> <li>■ manage effectively financial risks and opportunities; and</li> <li>■ secure a stable financial position that enables it to continue to operate for the foreseeable future.</li> </ul>	<ul style="list-style-type: none"> <li>■ Financial governance</li> <li>■ Financial planning</li> <li>■ Financial control</li> </ul>
The organisation has proper arrangements for challenging how it <b>secures economy, efficiency and effectiveness</b> .	The organisation is prioritising its resources within tighter budgets, for example by: <ul style="list-style-type: none"> <li>■ achieving cost reductions; and</li> <li>■ improving efficiency and productivity.</li> </ul>	<ul style="list-style-type: none"> <li>■ Prioritising resources</li> <li>■ Improving efficiency and productivity</li> </ul>



We will follow a risk based approach to target audit effort on the areas of greatest audit risk.

### Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.



Each of these stages are summarised further below.

VFM audit stage	Audit approach
VFM audit risk assessment	<p>We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> <li>the Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;</li> <li>information from the Audit Commission's VFM profile tool ;</li> <li>evidence gained from previous audit work, including the response to that work; and</li> <li>the work of other inspectorates and review agencies.</li> </ul>

Our VFM audit will draw heavily on other audit work which is relevant to our VFM responsibilities and the results of last year's VFM audit.

We will then form an assessment of residual audit risk to identify if there are any areas where more

detailed VFM audit work is required.

VFM audit stage	Audit approach
Linkages with financial statements and other audit work	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
Assessment of residual audit risk	<p>It is possible that further audit work may be necessary in some areas to ensure sufficient coverage of the two VFM criteria.</p> <p>Such work may involve interviews with relevant officers and /or the review of documents such as policies, plans and minutes. We may also refer to any self assessment the Authority may prepare against the characteristics.</p> <p>To inform any further work we must draw together an assessment of residual audit risk, taking account of the work undertaken already. This will identify those areas requiring further specific audit work to inform the VFM conclusion.</p> <p>At this stage it is not possible to indicate the number or type of residual audit risks that might require additional audit work, and therefore the overall scale of work cannot be easily predicted. If a significant amount of work is necessary then we will need to review the adequacy of our agreed audit fee.</p>
Identification of specific VFM audit work	<p>If we identify residual audit risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> <li>■ considering the results of work by the Authority, inspectorates and other review agencies; and</li> <li>■ carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.</li> </ul>

Where relevant, we may draw upon the range of audit tools and review guides developed by the Audit Commission.

We will conclude on the results of the VFM audit through our *ISA 260 Report*.

VFM audit stage	Audit approach
Delivery of local risk based work	<p>Depending on the nature of the residual audit risk identified, we may be able to draw on audit tools and sources of guidance when undertaking specific local risk-based audit work, such as:</p> <ul style="list-style-type: none"> <li>■ local savings review guides based on selected previous Audit Commission national studies; and</li> <li>■ update briefings for previous Audit Commission studies.</li> </ul> <p>The tools and guides will support our work where we have identified a local risk that is relevant to them. For any residual audit risks that relate to issues not covered by one of these tools, we will develop an appropriate audit approach drawing on the detailed VFM guidance and other sources of information.</p>
Concluding on VFM arrangements	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
Reporting	<p>We will report on the results of the VFM audit through our <i>ISA 260 Report</i>. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.</p>

Your audit team has been drawn from our specialist public sector assurance department. Our audit team were all part of the Leicester City Council audit last year.

Contact details are shown on page 1.

The audit team will be assisted by other KPMG specialists as necessary.

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John Cornett  
**Director**

“My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion.

I will be the main point of contact for the Audit and Risk Committee.”



Adrian Benselin  
**Manager**

“I am responsible for the management, review and delivery of the audit.

I will liaise with the Director of Finance and Head of Internal Audit and Risk Management.”



Vikash Patel  
**Assistant Manager**

“I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.”

Deliverable	Purpose	Committee dates
<b>Planning</b>		
<b>External Audit Plan</b>	<ul style="list-style-type: none"> <li>■ Outlines our audit approach.</li> <li>■ Identifies areas of audit focus and planned procedures.</li> </ul>	<b>March 2015</b>
<b>Control evaluation and Substantive procedures</b>		
<b>Report to Those Charged with Governance (ISA 260 Report)</b>	<ul style="list-style-type: none"> <li>■ Details the resolution of control and process issues.</li> <li>■ Details the resolution of key audit issues.</li> <li>■ Communicates adjusted and unadjusted audit differences.</li> <li>■ Highlights performance improvement recommendations identified during our audit.</li> <li>■ Comments on the Authority's value for money arrangements.</li> </ul>	<b>September 2015</b>
<b>Completion</b>		
<b>Auditor's Report</b>	<ul style="list-style-type: none"> <li>■ Provides an opinion on your accounts (including the Annual Governance Statement).</li> <li>■ Concludes on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).</li> </ul>	<b>September 2015</b>
<b>Whole of Government Accounts</b>	<ul style="list-style-type: none"> <li>■ Provide our assurance statement on the Authority's WGA pack submission.</li> </ul>	<b>September 2015</b>
<b>Annual Audit Letter</b>	<ul style="list-style-type: none"> <li>■ Summarises the outcomes and the key issues arising from our audit work for the year.</li> </ul>	<b>November 2015 (provisional)</b>

We will be in continuous dialogue with you throughout the audit.

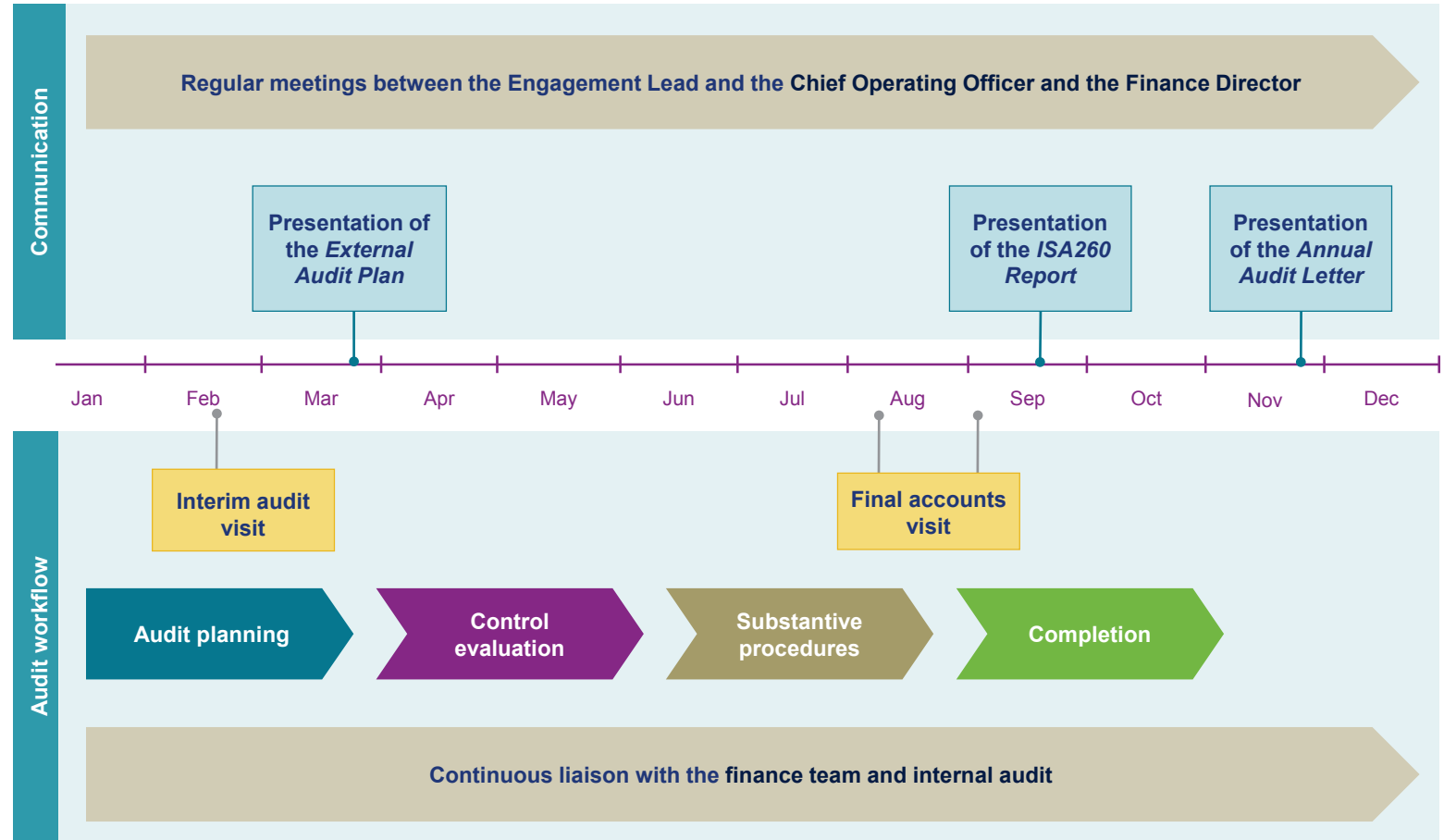
Key formal interactions with the Audit Committee are:

- March – External Audit Plan;
- September – ISA 260 Report;
- November (provisional) – Annual Audit Letter.

We work with the corporate finance team and internal audit throughout the year.

Our main work on site will be our:


- Interim audit visits during February and March.
- Final accounts audit during August and September.



Key: ● Audit and Risk Committee meetings.

The fee for the 2014/15 audit of the Authority is £195,470. The fee has increased by £1,070 from that set out in our *Audit Fee Letter 2014/15* issued in April 2014.

Our audit fee remains indicative and based on you meeting our expectations of your support.

 Meeting these expectations will help the delivery of our audit within the proposed audit fee.

### Audit fee

Our *Audit Fee Letter 2014/15* addressed to the Chief Operations Officer in April 2014 first set out our fees for the 2014/15 audit.

The fee we reported then was £194,400. Following national consultation, the Audit Commission has subsequently agreed an increase of £1,070 in recognition of the additional audit work required to give assurance regarding business rates, as we no longer certify the NNDR return.

The planned audit fee for 2014/15 is therefore £195,470,

Our audit fee includes our work on the VFM conclusion and our audit of the Authority's financial statements.

### Audit fee assumptions

The fee is based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. In setting the fee, we have assumed:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2014/15;
- you will inform us of any significant developments impacting on our audit;
- you will identify and implement any changes required under the *CIPFA Code of Practice on Local Authority Accounting in the UK 2014/15* within your 2014/15 financial statements;
- you will comply with the expectations set out in our *Accounts Audit Protocol*, including:
  - the financial statements are made available for audit in line with the agreed timescales;
  - good quality working papers and records will be provided at the start of the final accounts audit;

- requested information will be provided within the agreed timescales;
- prompt responses will be provided to queries and draft reports;
- internal audit meets appropriate professional standards;
- internal audit adheres to our joint working protocol and completes appropriate work on all systems that provide material figures for the financial statements and we can place reliance on them for our audit; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Meeting these expectations will help ensure the delivery of our audit within the agreed audit fee.

The Audit Commission requires us to inform you of specific actions you could take to keep the audit fee low. Future audit fees can be kept to a minimum if the Authority achieves an efficient and well-controlled financial closedown and accounts production process which complies with good practice and appropriately addresses new accounting developments and risk areas.

### Changes to the audit plan

Changes to this plan and the audit fee may be necessary if:

- new significant audit risks emerge;
- additional work is required of us by the Audit Commission or other regulators; and
- additional work is required as a result of changes in legislation, professional standards or financial reporting requirements.

If changes to this plan and the audit fee are required, we will discuss and agree these initially with the Director of Finance.

This appendix summarises auditors' responsibilities regarding independence and objectivity.

### Independence and objectivity

Auditors are required by the Code to:

- carry out their work with independence and objectivity;
- exercise their professional judgement and act independently of both the Commission and the audited body;
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and
- resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors' functions under the Code. If the Authority invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as work carried out under section 35 of the Audit Commission Act 1998.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of Commission-related work, and senior members of their audit teams should not take part in political activity.
- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.

- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Firms are expected to comply with the requirements of the Commission's protocols on provision of personal financial or tax advice to certain senior individuals at audited bodies, independence considerations in relation to procurement of services at audited bodies, and area wide internal audit work.
- Auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission.
- Auditors are expected to comply with the Commission's policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the Commission's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the standing guidance.



## Appendix 2: KPMG Audit Quality Framework

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into

management and staff.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG.

The diagram summarises our approach and each level is expanded upon.

At KPMG we consider audit quality is not just about reaching the right opinion, but how we reach that opinion. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. It is about the processes, thought and integrity behind the audit report. This means, above all, being independent, compliant with our legal and professional requirements, and offering insight and impartial advice to you, our client.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG. We use our seven drivers of audit quality to articulate what audit quality means to KPMG.

We believe it is important to be transparent about the processes that sit behind a KPMG audit report, so you can have absolute confidence in us and in the quality of our audit.

**Tone at the top:** We make it clear that audit quality is part of our culture and values and therefore non-negotiable. Tone at the top is the umbrella that covers all the drives of quality through a focused and consistent voice. John Cornett as the Engagement Lead sets the tone on the audit and leads by example with a clearly articulated audit strategy and commits a significant proportion of his time throughout the audit directing and supporting the team.

**Association with right clients:** We undertake rigorous client and engagement acceptance and continuance procedures which are vital to the ability of KPMG to provide high-quality professional services to our clients.

**Clear standards and robust audit tools:** We expect our audit professionals to adhere to the clear standards we set and we provide a range of tools to support them in meeting these expectations. The global rollout of KPMG's eAudIT application has significantly enhanced existing audit functionality. eAudIT enables KPMG to deliver a highly

technically enabled audit. All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.



**Recruitment, development and assignment of appropriately qualified personnel:** One of the key drivers of audit quality is assigning professionals appropriate to the Authority's risks. We take great care to assign the right people to the right clients based on a number of factors including their skill set, capacity and relevant experience.

We have a well developed technical infrastructure across the firm that puts us in a strong position to deal with any emerging issues. This includes:

- A national public sector technical director who has responsibility for co-ordinating our response to emerging accounting issues, influencing accounting bodies (such as CIPFA) as well as acting as a sounding board for our auditors.

- A national technical network of public sector audit professionals is established that meets on a monthly basis and is chaired by our national technical director.

- All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.

- A dedicated Department of Professional Practice comprised of over 100 staff that provide support to our audit teams and deliver our web-based quarterly technical training.

**We continually focus on delivering a high quality audit.**

**This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff. Quality must build on the foundations of well trained staff and a robust methodology.**

**Commitment to technical excellence and quality service delivery:**

Our professionals bring you up- the-minute and accurate technical solutions and together with our specialists are capable of solving complex audit issues and delivering valued insights.

Our audit team draws upon specialist resources including Forensic, Corporate Finance, Transaction Services, Advisory, Taxation, Actuarial and IT. We promote technical excellence and quality service delivery through training and accreditation, developing business understanding and sector knowledge, investment in technical support, development of specialist networks and effective consultation processes.

**Performance of effective and efficient audits:** We understand that how an audit is conducted is as important as the final result. Our drivers of audit quality maximise the performance of the engagement team during the conduct of every audit. We expect our people to demonstrate certain key behaviors in the performance of effective and efficient audits. The key behaviors that our auditors apply throughout the audit process to deliver effective and efficient audits are outlined below:

- timely Engagement Lead and manager involvement;
- critical assessment of audit evidence;
- exercise of professional judgment and professional scepticism;
- ongoing mentoring and on the job coaching, supervision and review;
- appropriately supported and documented conclusions;
- if relevant, appropriate involvement of the Engagement Quality Control reviewer (EQC review);
- clear reporting of significant findings;
- insightful, open and honest two-way communication with those charged with governance; and
- client confidentiality, information security and data privacy.

**Commitment to continuous improvement:** We employ a broad range of mechanisms to monitor our performance, respond to feedback and understand our opportunities for improvement.

**Our quality review results**

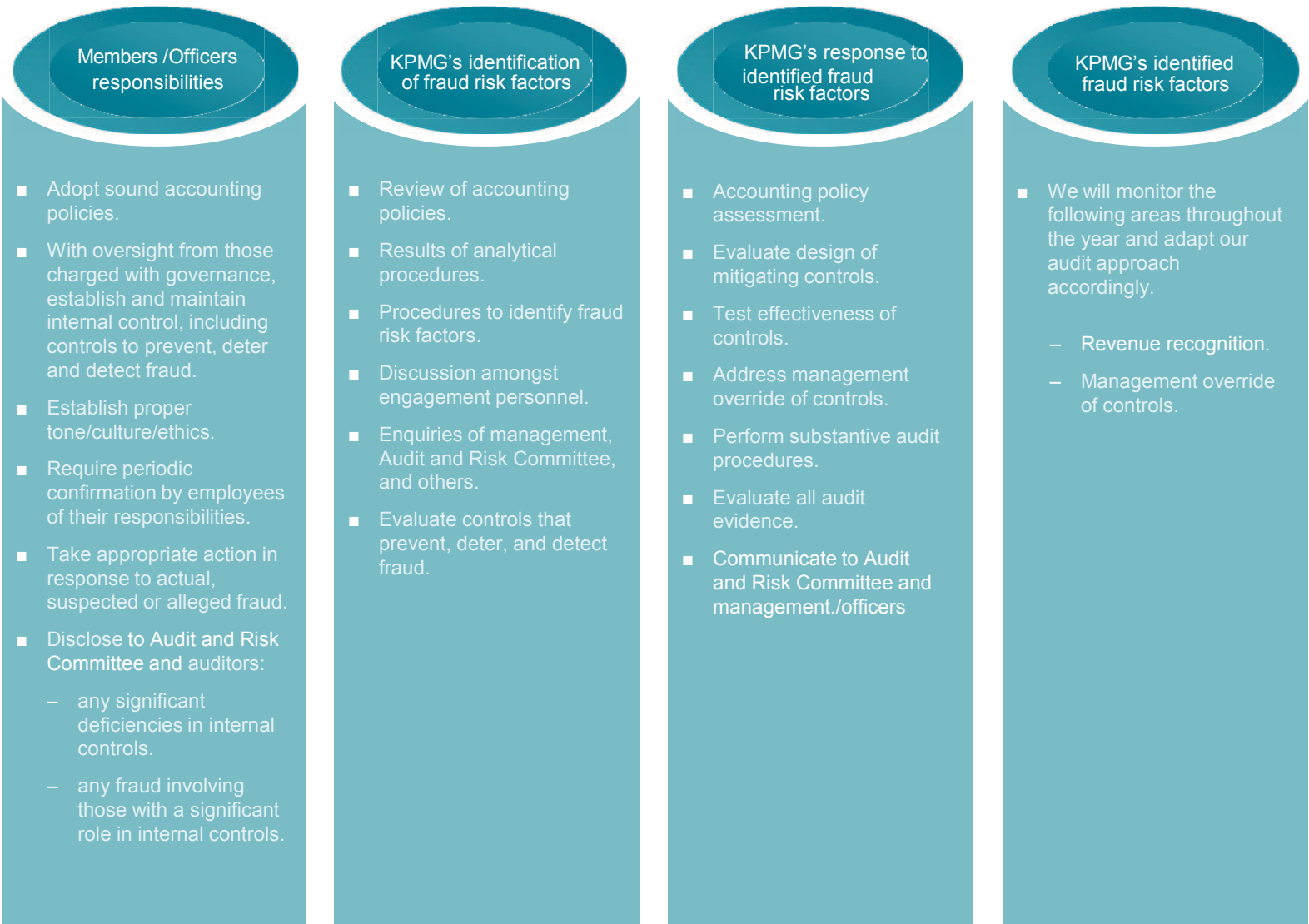
We are able to evidence the quality of our audits through the results of Audit Commission reviews. The Audit Commission publishes information on the quality of work provided by KPMG (and all other firms) for audits undertaken on behalf of them (<http://www.audit-commission.gov.uk/audit-regime/audit-quality-review-programme/principal-audits/kpmg-audit-quality>).

The latest Annual Regulatory Compliance and Quality Report (issued June 2014) showed that we are meeting the Audit Commission's overall audit quality and regularity compliance requirements.

**We are required to consider fraud and the impact that this has on our audit approach.**

**We will update our risk assessment throughout the audit process and adapt our approach accordingly.**

87



**The Audit Commission will be writing to audited bodies and other stakeholders in the coming months with more information about the transfer of the Commission's regulatory and other functions.**

From 1 April 2015 a transitional body, Public Sector Audit Appointments Limited (PSAA), established by the Local Government Association (LGA) as an independent company, will oversee the Commission's audit contracts until they end in 2017 (or 2020 if extended by DCLG). PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for publishing the Commission's value for money profiles tool will also transfer to PSAA.

From 1 April 2015, the Commission's other functions will transfer to new organisations:

- responsibility for publishing the statutory Code of Audit Practice and guidance for auditors will transfer to the National Audit Office (NAO) for audits of the accounts from 2015/16;
- the Commission's responsibilities for local value for money studies will also transfer to the NAO; and
- the National Fraud Initiative (NFI) will transfer to the Cabinet Office.



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## Executive Decision Report

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### **PROCUREMENT PLAN 2015/16**

Decision to be taken by: **City Mayor**

Decision to be taken on: **25 March 2015**

Lead director: **Alison Greenhill**

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**City Mayor**

## Useful information

- Ward(s) affected: **All**
- Report author: **Neil Bayliss**
- Author contact details: **Tel: 37 4021 Email: [neil.bayliss@leicester.gov.uk](mailto:neil.bayliss@leicester.gov.uk)**
- Report version number: **002**
- Date of report: **5<sup>th</sup> March 2015**

### 1. Summary

- 1.1 The Council's Contract Procedure Rules require Executive approval of a Procurement Plan – a list of forthcoming procurement activity above EU thresholds anticipated in the coming year. This requirement aligns with the government's requirements of local authorities under the Transparency agenda.
- 1.2 Inclusion of a contract in the Plan does not necessarily mean that the procurement will go ahead. As with all expenditure, anticipated contracts will be subject to ongoing challenge as to whether they are required, and whether/how they should be procured. This review process may impact on the anticipated value and/or duration of contract.
- 1.3 The purpose of this report is to obtain approval to the 2015/16 Procurement Plan and to inform the City Mayor and Executive of the potential up and coming major procurement activity across the Council, which includes renewal of existing contracts for ongoing requirements (e.g. maintenance and service provision contracts) and one-off major capital projects.

### 2. Recommendations

- 2.1 The Executive is recommended to:
  - i) Approve the attached Procurement Plan and delegate the letting of contracts to Divisional Directors subject to consultation with relevant Executive Members where appropriate;
  - ii) Approve the delegation of individual contract awards for Large Contracts in 2015/2016 to Divisional Directors in consultation with the Head of Procurement and relevant Executive Members where appropriate.

### 3. Supporting information

- 3.1 The Procurement Plan serves two principal purposes:
  - a) To inform potential suppliers of major future market activity, including meeting the statutory requirement to publish planned procurement over the EU thresholds; and



- b) To provide the Executive and other readers with an overview of significant procurement activity and to enable links and efficiencies to be achieved.
- 3.2 The Plan is based on information from Directors and from reviewing the database of existing contracts approaching expiry. Entry on the Plan does not guarantee that procurement will happen and the actual costs may vary from the estimates.
- 3.3 Timely processing and approval of the Plan ensures better procurement planning and allows the market to consider upcoming opportunities, in line with the transparency agenda.
- 3.4 The scope of the Plan can be affected by major reviews across the Council, leading to the extension of existing contracts and uncertainty for including future procurements, with less procurement activity than might usually be expected. It will also be noted that the procurement approach and timing, contract term and values are still to be determined for some procurements, whilst review work takes place.
- 3.5 As required by the Contract Procedure Rules, the Plan (attached at Appendix A) includes details of expected procurement processes for contracts valued at over the relevant EU threshold.
- Social & Other Specific Services £625,050
  - All Other Goods & Services £172,514
  - Works £4,322,012
- 3.6 Entries on 2014/15 Procurement Plan (as updated) have not been included again on the 2015/16 Plan if they have already been advertised in 2014/15.
- 3.7 The Procurement Plan will be updated and reported to the Executive and Audit and Risk Committee approximately half way through the financial year. The Plan will subsequently be updated on the Council's website.
- 3.8 A "Procurement Pipeline" is also being produced which includes details of expected procurement processes for Large Contracts (between £70,000 and the relevant EU threshold). However, the quality of this information is variable and the list is not considered to be exhaustive. Work is progressing to improve this, and, when ready, this will be published on the Council's website for potential suppliers to gain advance notice of the Council's intentions and to comply with transparency requirements.
- 3.9 The Contract Procedure Rules provide delegated authority to Divisional Directors to award contracts over the EU threshold, in consultation with Executive, so long as those contracts are included in the Procurement Plan – Appendix A (or the updated version reported to the Executive). Any other proposed contract award over the EU threshold must be the subject of a specific report to the Executive which seeks formal approval to add the procurement exercise to the Plan.
- 3.10 The Executive is asked to approve delegated authority for the award of Large

contracts to Divisional Directors in consultation with the Head of Procurement and relevant Executive Members where appropriate to ensure operational efficiency and expediency in the award of normally routine contracts. This delegated authority is requested because of an ambiguity in the Contract Procedure Rules regarding their inclusion in the Procurement Plan.

- 3.11 It is anticipated that proposed changes to the Contract Procures Rules will be drafted over the coming months and presented to Council for approval before the end of 2015. This will resolve the ambiguity described above and ensure the Contract Procedure Rules align to the new Public Contract Regulations 2015 which come into force on 26<sup>th</sup> February 2015.

#### **4. Details of Scrutiny**

- 4.1 As required by the Contract Procedure Rules, the Procurement Plan will be reported to the Audit & Risk Committee on 31<sup>st</sup> March 2015. Scrutiny Committees are invited to use the Procurement Plan to identify any entries they wish to review at Scrutiny.

#### **5. Financial, legal and other implications**

##### **5.1 Financial implications**

- 5.1.1 Inclusion of contracting activity on the attached Plan is a statement of intent and is subject to the necessary funding being available. The Plan provides a basis for challenge and a more strategic approach to achieving value for money through major procurement activity.

Colin Sharpe  
Head of Finance  
Ext 37 4081

##### **5.2 Legal implications**

- 5.2.1 Each procurement will need to follow due process in accordance with internal and legislative requirements, with advice from Procurement Services and Legal Services.

##### **5.3 Climate Change and Carbon Reduction implications**

- 5.3.1 There are no significant climate change implications arising directly from this report.

##### **5.4 Equality Impact Assessment**

- 5.4.1 These will be considered a part of each procurement process, as appropriate.

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

5.5.1 Procurement is used to drive wider social value, i.e. to bring about improvements in economic, social and environmental well-being.

**6. Background information and other papers:**

6.1 None.

**7. Summary of appendices:**

7.1 Appendix 1– Corporate Procurement Plan 2015/16.

**8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?**

8.1 No.

**9. Is this a “key decision”?**

9.1 No.



# Procurement Plan 2015-16

Department	Division	Section / Team	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
Adult Social Care & Health	Care Services & Commissioning	Independent Living Support - Floating Support	Independent Living Support - Floating Support	01/04/2016	3+2 Years	£4,500,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Support Planning & Brokerage Service	03/06/2015	3+2 Years	£500,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Supported Living Property Framework (Value to be confirmed)	01/04/2016	4 Years		Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Substance Misuse Residential Rehabilitation Services (Leicester, Leicestershire, Rutland). Leicestershire County Council leading on procurement (Value to be confirmed)	01/04/2016	3+2 Years		Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	1) Substance Misuse Housing Related Support Services 2) Wet Day Centre 3) Community Substance Misuse; Criminal Justice Substance Misuse; Young People's Specialist Substance Misuse	01/07/2016	3+2 Years	£38,000,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Healthwatch Leicester	01/04/2016	3+2 Years	£1,170,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Independent Living Support - Sheltered Accommodation	01/04/2016	3+2 Years	£1,650,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Independent Living Support - Supported Housing	01/04/2016	3+2 Years	£1,875,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Early Intervention & Prevention - HIV	01/04/2016	3+2 Years	£538,660	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Early Intervention & Prevention - Information Advice & Guidance / Dementia / Mental Health	01/04/2016	3+2 Years	£2,230,000	Exercise in progress
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Early Intervention & Prevention - Advocacy /Older People /Visual & Sensory Impairment / Carers	01/04/2016	3+2 Years	£6,300,000	Exercise not started

Department	Division	Section / Team	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Changing Places	01/01/2016	9 Months	£300,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Domiciliary Support Services	24/10/2016	3+2 Years	£57,500,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Deprivation of Liberty Safeguards (DoLS), Independent Mental Capacity Act (IMCA)	11/07/2015	3+2 Years	£855,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Supported Living & Flexible Short Breaks Services	24/10/2016	3+2 Years	£84,300,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Integrated Community Equipment Service	01/04/2016	5+2 Years	£57,400,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Intermediate Care Facilities	01/01/2016	2 Years	£10,000,000	Exercise in progress
Adult Social Care & Health	Public Health	Public Health	Community Health Initiatives	01/04/2016	3+2 Years	£1,000,000	Exercise not started
Adult Social Care & Health	Public Health	Public Health	Targeted Health Promotion	01/04/2016	2 Years	£400,000	Exercise not started
Adult Social Care & Health	Public Health	Public Health	Public Mental Health Programme	01/04/2016	3+2 Years	£1,500,000	Exercise not started
Adult Social Care & Health	Public Health	Public Health	Healthy Child Programme 0 to 19 ( Includes Healthy Child Programme 5-19 (Ref: 1); National Child Measurement Programme; School Nursing Healthy Child Programme;	01/10/2016	3+2 Years	£8,462,000	Exercise not started
Adult Social Care & Health	Public Health	Public Health	Healthy Child Programme 0-5; Health Visiting and Family Nurse Partnership	01/01/2016	3+2 Years	£42,725,000	Exercise not started
Adult Social Care & Health	Public Health	Public Health	Healthy Schools Programme (Improve health and wellbeing of school aged children and young people)	01/04/2016	3+2 Years	£350,000	Exercise not started

Department	Division	Section / Team	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
Adult Social Care & Health	Public Health	Public Health	Healthy Tots	01/04/2016	3+2 Years	£350,000	Exercise not started
Children's Services	Children, Young People & Families	Children, Young People & Families	Fostering, Residential and Independent School Placements (Value to be determined)	01/11/2015	TBC		Exercise not started
Children's Services	Children, Young People & Families	Early Help Specialist Services	Support for Young Carers	01/08/2015	1+2 Years	£267,000	Exercise not started
Children's Services	Children, Young People & Families	Young People Services	Schools Budget Planning Software	01/04/2016	10 Years	£300,000	Exercise not started
Children's Services	Learning, Quality & Performance	Adult Skills & Learning	Additional Learning Support	01/08/2016	3+2 Years	£500,000	Exercise not started
Children's Services	Strategic Commissioning & Business Development	Strategic Commissioning & Business Development	Supervised Play	01/01/2016	2+2 Years	£4,240,000	Exercise not started
City Development & Neighbourhoods	Investment	Energy Services (City Transport - Fleet)	Central Vehicle Pool Replacements (Various start dates)		3 Years	£2,300,000	Exercise not started
City Development & Neighbourhoods	Investment	Energy Services (City Transport - Fleet)	Fleet Maintenance	01/01/2016	3 years	£3,900,000	Exercise not started
City Development & Neighbourhoods	Investment	Facilities Management - Building Maintenance	Maintenance of Gutters and External Rainwater Systems	01/10/2015	3+1 Years	£440,000	Exercise in progress
City Development & Neighbourhoods	Investment	Housing & Property	Construction Related Professional Services Framework	01/10/2015	1 Year	£2,500,000	Exercise in progress
City Development & Neighbourhoods	Investment	Property	Property Maintenance (Duration & value to be confirmed)	01/01/2016			Exercise not started
City Development & Neighbourhoods	Investment	Property	Flat Roof Replacement	01/09/2015	3+1 Years		Exercise not started

Department	Division	Section / Team	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
City Development & Neighbourhoods	Investment	Property	Servicing and Remedial Works of Automatic Doors At Various Locations	01/08/2015	4 Years	£600,000	Exercise not started
City Development & Neighbourhoods	Investment	Property	Boiler Replacement Programme	01/01/2016	4 Years	£1,000,000	Exercise not started
City Development & Neighbourhoods	Local Services & Enforcement	Community Safety	Sexual and Domestic Violence Prevention Services	01/10/2015	3+2 Years	£3,150,000	Exercise not started
City Development & Neighbourhoods	Local Services & Enforcement	Parks and Green Spaces	Parks & Greenspace Fencing	01/10/2015	3+2 Years	£400,000	Exercise not started
City Development & Neighbourhoods	Local Services & Enforcement	Standards & Development	Supply and Installation of Ballcourts / Multi Use Games Area (MUGA)	01/10/2015	2+1 Years	£450,000	Exercise not started
City Development & Neighbourhoods	Local Services & Enforcement	Standards & Development	Supply & Installation of Wheel Facilities (e.g Skateparks/BMX Facilities)	01/10/2015	2+1 Years	£250,000	Exercise not started
City Development & Neighbourhoods	Local Services & Enforcement	Standards & Development	Supply of Fixed Play Equipment & Spares. Provision of Wheel Facilities	01/10/2015	2+1 Years	£750,000	Exercise not started
City Development & Neighbourhoods	Local Services & Enforcement	Street Scene & Enforcement	Dog Services Contract	01/08/2015	3+2 Years	£400,000	Exercise in progress
City Development & Neighbourhoods	Local Services & Enforcement	Standards & Development	Outdoor Gym Equipment	01/07/2015	2+1 Years	£900,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Dev	Development Projects	Leicester City Market Phase 3 - Construction	01/09/2015	1 Year	£7,000,000	Exercise in progress
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Development Projects	Friars Mill Operating Company (Value to be confirmed)	01/07/2015	15 Years		Exercise in progress
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Development Projects	Programme Management - Waterside	01/10/2015	4 Years	£400,000	Exercise not started



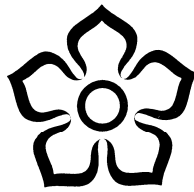
Department	Division	Section / Team	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Economic Regeneration	Leicester City Market - Phase 2 - Construction, Public Realm and M&E Works to Corn Exchange	01/10/2015	1 Year	£5,900,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highway Maintenance Group	Traffic Management	01/10/2015	2+2 Years	£500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highway Maintenance Group	Supply of Highways Materials	01/07/2015	2+2 Years	£550,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highway Maintenance Group	Hire of Plant (with & without Operator)	01/11/2015	2+2 Years	£2,500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highway Maintenance Group	Precast Concrete Products	01/08/2015	2+2 Years	£500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highway Maintenance Group	Annual Minor Highway Works	01/11/2015	2+2 Years	£4,000,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highway Maintenance Group	Supply of Concrete	01/10/2015	2+2 Years	£400,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Bus Shelters	01/04/2018	15 Years	£7,500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Security Services at Park and Ride Sites	01/05/2016	3+2 Years	£900,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Security Services for Surface Level Car Parks and Multistorey Car Parks	01/04/2016	3 Years	£210,000	Exercise not started
Corporate Resources & Support	Delivery, Communications & Political Governance	City Mayor's Office	Voluntary Sector Support Services - Engagement to Support a Cohesive City & contributing to a Sustainable Network of Support	01/11/2015	3 Years	£1,000,000	Exercise not started
Corporate Resources & Support	Finance	Accountancy	Tax Consultancy (Contract duration to be determined)	01/08/2015		£200,000	Exercise not started

Department	Division	Section / Team	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
Corporate Resources & Support	Finance	Business Admin & Corporate Support	Office Supplies	01/09/2015	4 Years	£1,000,000	Exercise in progress
Corporate Resources & Support	Finance	Business Service Centre	Cash in Transit	02/11/2015	3+2 Years	£670,000	Exercise not started
Corporate Resources & Support	Finance	Finance	Finance and HR Systems	01/09/2017	7+3 Years	£3,000,000	Exercise in progress
Corporate Resources & Support	Finance	Revenues & Benefits	CRM System	01/09/2015	3+7 Years	£500,000	Exercise not started
Corporate Resources & Support	Finance	Revenues & Benefits	Local Welfare Provision	01/02/2016	1+2 Years	£900,000	Exercise not started
Corporate Resources & Support	Finance	Revenues & Benefits	ACD System (Active Call Directory)	01/09/2015	3+7 Years	£300,000	Exercise not started
Corporate Resources & Support	Finance	Revenues & Benefits	Intelligence Hub	01/09/2015	2 Years	£200,000	Exercise not started
Corporate Resources & Support	Information & Customer Access	Children's Services	School Information Management System (SIMS)	01/06/2015	10 Years	£2,000,000	Exercise in progress
Corporate Resources & Support	Information & Customer Access	Technology Services	EVA Server Storage Replacement	01/09/2015	4 Years	£390,000	Exercise in progress
Corporate Resources & Support	Information & Customer Access	Technology Services	PC & Laptops, Screen & Associated Items (Peripherals)	01/09/2015	1 Year	£485,000	Exercise not started
Corporate Resources & Support	Information & Customer Access	Technology Services	Cisco Network Maintenance	01/09/2015	3 Years	£250,000	Exercise not started
Corporate Resources & Support	Information & Customer Access	Technology Services	CCTV relocation	01/09/2015	Capital	£300,000	Exercise in progress

Department	Division	Section / Team	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
Corporate Resources & Support	Information & Customer Access	Technology Services	ICT Network Perimeter Security (Firewall)	01/09/2015	1 Year	£102,000	Exercise not started
Corporate Resources & Support	Information & Customer Access	Technology Services	Phone Lines	01/09/2015	3 Years	£1,500,000	Exercise not started
Corporate Resources & Support	Information & Customer Access	Technology Services	Multi-Functional Devices (MFDs)	01/07/2015	2+3 Years	£350,000	Exercise in progress
Corporate Resources & Support	Information & Customer Access	Technology Services	Server Replacement	01/01/2016	4 Years	£200,000	Exercise in progress
Housing	Housing		Tenants Contents Insurance Scheme for City Council Tenants (Value to be confirmed)	01/06/2015			Exercise not started
Housing	Housing	Capital Investment	Water Management Regime	01/10/2015	2+3 Years	£3,000,000	Exercise not started
Housing	Housing	Capital Investment	Scaffolding	01/10/2015	1+2 Years	£300,000	Exercise not started
Housing	Housing	Capital Investment	Kitchen and Bathroom Refurbishment (Materials Supply only) Citywide 2013-2016	14/01/2016	3+2 Years	£10,000,000	Exercise not started
Housing	Housing	Capital Investment	Re-Roofing Citywide	01/10/2016		£5,000,000	Exercise not started
Housing	Housing	Capital Investment	District Heating: LOT 1: General Repairs & Emergency Call Outs LOT 2: Major Works (including Annual Lightning Conductors/ High Rise Structures Testing & Certification)	01/10/2015	2+3 Years	£5,000,000	Exercise not started
Housing	Housing	Capital Investment	Loft and Cavity Insulation Works to Social Housing Properties 2013-2015	02/11/2015	2+2 Years	£1,000,000	Exercise not started
Housing	Housing	Capital Investment	Digital Aerial Maintenance 2013-2015	20/08/2015	2+2 Years	£1,200,000	Exercise not started

Department	Division	Section / Team	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
Housing	Housing	Capital Investment	Asbestos Removal City Wide 2011-2014 (Domestic)	22/01/2016	3+1 Years	£5,000,000	Exercise not started
Housing	Housing	Capital Investment	Asbestos Analyst 2014 (Domestic)	21/08/2015	3+1 Years	£1,500,000	Exercise not started
Housing	Housing	Capital Investment	Fire & intruder alarm installation / maintenance & remote monitoring	01/10/2015	3+2 Years	£5,000,000	Exercise not started
Housing	Housing	Capital Investment	Emergency Lighting Installation & Maintenance	01/10/2015	3+2 Years	£2,500,000	Exercise not started
Housing	Housing	Capital Investment	Replacement PVCu Roofline, Cladding & Associated Works 2015-2018	01/10/2015	3+2 Years	£5,000,000	Exercise not started

54



Leicester  
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

24 March 2015

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**Regulation of Investigatory Powers Act 2000  
Bi-Annual Performance Report July 2014 – December 2014**

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**Report of the City Barrister and Head of Standards**

**1. Purpose of the Report**

The report advises on the performance of The Council in authorising Regulatory Investigation Powers Act (RIPA) applications, from 1<sup>st</sup> July 2014 to 31<sup>st</sup> December 2014.

**2. Summary**

The Council applied for 0 Directed Surveillance authorisation and 0 communications data authorisations in the period above.

**3. Recommendations**

The Committee is recommended to:

- 3.1 Receive the Report and note its contents.
- 3.2 Make any recommendations or comments it sees fit either to the Executive or City Barrister and Head of Standards.

**4 Report**

- 4.1 The Council applied for 0 Directed Surveillance Authorisations and 0 communications data authorisations in the second half of 2014.
- 4.2 Any communications data authorisations will be carried out via the National Anti-Fraud Network (NAFN) system on our behalf. The Interceptions of Communications Commissioner's Office (IOCCO) has recently carried out their regular inspection of NAFN.
- 4.3 The Council has not undergone any inspections by either the Office of the Surveillance Commissioner (OSC) or the IOCCO in this period.
- 4.4 The Council currently has 3 trained Authorising officers in place (Alison Greenhill, Kamal Adatia and Ann Branson). This is not enough. The newly appointed Director of Environment has been unable to undertake Authorising Officer training as yet as places were fully booked, but will do so as soon as possible.

1

- 4.6 A summary of RIPA authorisations is published annually on the Council's website by the central information governance team.
- 4.7 Several council officers (Fraud, Environmental Crime, City Wardens, Information Governance) attended the NAFN Annual summit which was held in Leicester in November 2014.
- 4.8 One of Leicester's Environmental Crime Officers has offered to sit on NAFN's national Training and Best Practice Working Group (Communications Data).

**5. Financial, Legal Implications**

5.1 Financial Implications

There are no financial implications arising directly from this report, although the Council could incur legal costs should procedures not be correctly followed – Colin Sharpe, Head of Finance, ext. 37 4081.

5.2 Legal Implications

There are no legal implications arising directly from this report, although the Council could incur legal costs should procedures not be correctly followed – Kamal Adatia, City Solicitor, ext. 37 1402.

**6. Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	No	Yes. HRA Article 8 must be considered for all applications
Elderly/People on Low Income	No	
Risk Management	No	

**7. Report Author / Officer to contact:**

Lynn Wyeth, Information Governance Manager, Legal Services  
 - Ext 37 1291

2<sup>nd</sup> March 2015



Leicester  
City Council

WARDS AFFECTED  
All

## FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

31<sup>st</sup> March 2015

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**Annual review of the Council's Assurance Framework, Local Code of Corporate Governance and the Audit & Risk Committee's Terms of Reference**

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### Report of the Director of Finance and the City Barrister & Head of Standards

#### 1. Purpose of Report

- 1.1. To present to the Audit & Risk Committee for approval updates to the assurance and corporate governance processes at the City Council and the Committee's own terms of reference.

#### 2. Recommendations

- 2.1. The Committee is recommended to:
  - a) Confirm that no material changes to the **Assurance Framework** are needed and agree that it shall form the basis on which the Council will compile its Annual Governance Statement for the financial year 2014-15 (Appendix 1)
  - b) Confirm that no material changes to the **Local Code of Corporate Governance** are needed (Appendix 2)
  - c) Approve the proposed minor amendment to the Committee's **terms of reference** (Appendix 3).

#### 3. Summary

- 3.1. In the interests of good governance and compliance with law and regulation, the Council has in place an Assurance Framework, a Local Code of Corporate Governance and a formally constituted Audit & Risk Committee. This Committee has prescribed terms of reference that form part of the Council's constitution and are designed to enable the Committee to discharge its functions both as 'those charged with governance' generally and as 'the Board' under the Public Sector Internal Audit Standards.

- 3.2. There are clear linkages between these components in making up the Council's overall system of corporate governance. In order that they remain relevant and fit for purpose, each of these documents is subject to annual review. A detailed review and significant update was undertaken in 2013 with the aim of codifying the Council's corporate governance machinery. This established how the Council frames its governance arrangements (i.e. the standards and thresholds set, and the mechanisms we utilise for ensuring they are sound). The annual review in 2014 identified little need to amend the process and this report follows a further refresh for 2015-16.
- 3.3. Reporting on actual compliance (i.e. what we have achieved as an organisation in this regard) will be reported in due course through the Annual Governance Statement.
- 3.4. This report seeks the Committee's confirmation that the assurance framework and its components require no change except for minor updates in terminology.

## **4. Report**

### **4.1. Assurance Framework**

- 4.1.1. The overall structure of the Council's system of corporate governance is summarised in the Assurance Framework. This was last reviewed by the Audit & Risk Committee at its meeting on 15<sup>th</sup> April 2014 and is set out in **Appendix 1**.
- 4.1.2. The assurance framework takes as its starting point the Council's principal strategic and organisational objectives, including the City Mayor's Delivery Plan. Key strategies and plans translate these objectives into deliverable actions. High-level risks that threaten the achievement of objectives are identified in the strategic and operational risk registers. It is management's responsibility to establish and maintain effective systems of governance and internal control to ensure that the Council's service objectives are delivered and risks to those objectives are managed to an acceptable level.
- 4.1.3. In order that the Council's business is delivered in a way that promotes public trust and confidence, there must be sufficient assurance that sound internal control arrangements are in place and operating effectively. The assurance framework therefore brings together various internal and external sources of assurance; audit is fundamental to this.
- 4.1.4. The Council is also required<sup>1</sup> to carry out at least once in each year a review of the effectiveness of its system of internal control.
- 4.1.5. The outcomes of all these sources of review and assurance are brought together in summary in the statutory Annual Governance Statement<sup>2</sup> which, following approval by the Audit & Risk Committee, is ultimately signed by the City Mayor and published alongside the Council's financial statements.

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<sup>1</sup> Regulation 4(2) of the Accounts & Audit (England) Regulations 2011 (SI 2011 No 817)

<sup>2</sup> Regulation 4(3) of the Accounts & Audit (England) Regulations 2011 (SI 2011 No 817)



- 4.1.6. The intention of the assurance framework is therefore to set out a structured and coordinated process, drawing together the outcomes of the various assurance, governance and control mechanisms so as to ensure that the Annual Governance Statement is comprehensive in its coverage and reliable in its content.
- 4.1.7. It is good practice to review the assurance framework as part of the preparation of each year's Annual Governance Statement, hence this report.
- 4.1.8. The process was significantly overhaul in 2013 and has worked well since. No changes other than minor changes in terminology (indicated by underlining) are proposed to the existing assurance framework.

## **4.2. Local Code of Corporate Governance**

- 4.2.1. A central component of the Council's system of governance is its Local Code of Corporate Governance. This has been in place for a number of years and reflects the main components set out in the CIPFA<sup>3</sup>/SOLACE<sup>4</sup> guidance *Delivering Good Governance in Local Government: Framework*. The Local Code is a public statement of the arrangements the Council has in place to ensure it conducts its business in a way that upholds the highest standards. It is intended to demonstrate the Council's adherence to the seven principles of public life, defined by the Committee on Standards in Public Life as selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- 4.2.2. The Local Code of Corporate Governance is therefore an important part of the Council's public accountability. As such, it must remain fit for purpose and each year the Council conducts a review of compliance with the Code. The results of this review feed into the annual review of the effectiveness of the Council's system of internal control, mentioned above at paragraph 4.1.4, thereby also contributing to the Annual Governance Statement.
- 4.2.3. The Local Code of Corporate Governance was last approved by the Audit & Risk Committee at its meeting on 15<sup>th</sup> April 2014. Its content has been reviewed and no changes other than minor changes in terminology are considered necessary.
- 4.2.4. The annual review of compliance with the Code for 2014-15 will be reported to the Audit & Risk Committee in the next municipal year.
- 4.2.5. The Local Code of Corporate Governance is given at **Appendix 2** and the Committee is asked to approve its continued applicability subject to the minor amendments indicated by underlining.

## **4.3. Audit & Risk Committee Terms of Reference**

- 4.3.1. As a formally constituted Committee of the Council, the Audit & Risk Committee is governed by formal terms of reference. These are subject to annual review; the current version was approved by the Committee at its meeting on 15<sup>th</sup> April 2014.

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<sup>3</sup> Chartered Institute of Public Finance & Accountancy

<sup>4</sup> Society of Local Authority Chief Executives

4.3.2. The only change is a minor update at section 1.2 External Audit, to reflect the closure of the Audit Commission on 31<sup>st</sup> March 2015 and its replacement for certain external audit functions by Public Sector Audit Appointments Ltd.

4.3.3. The updated Terms of Reference are given at **Appendix 3** and the Committee is asked to approve them.

## **5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **5.1. Financial Implications**

Adequate and effective systems of corporate governance and assurance and an effective Audit & Risk Committee are all central components in the processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Such arrangements will support the processes of audit and internal control that will help the Council as it faces financially challenging times.

*Colin Sharpe, Head of Finance, x37 4081*

### **5.2. Legal Implications**

Regulation 4 of the Accounts and Audit (England) Regulations 2011 obliges the Council to ensure that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The Council must conduct a review at least once in a year of the effectiveness of its system of internal control and following the review, must approve an annual governance statement.

*Kamal Adatia, City Barrister & Head of Standards, x37 1401*

### **5.3. Climate Change Implications**

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

*Louise Buckley, Graduate Project Officer, Climate Change, x37 2293*

## **6. Other Implications**

<b>Other Implications</b>	<b>Yes/No</b>	<b>Paragraph or references within the report</b>
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	This report is concerned with effective systems of governance and control, which are an important safeguard against the risks of theft, fraud and corruption.

Other Implications	Yes/No	Paragraph or references within the report
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Council's governance and assurance processes, a main purpose of which is to give assurance to Directors, the Council and this Committee that risks are being managed appropriately by the business.

## 7. Background Papers – Local Government Act 1972

- 7.1. The Council's Assurance Framework
- 7.2. The Council's Local Code of Corporate Governance
- 7.3. The terms of reference of the Audit & Risk Committee

## 8. Consultations

- 8.1. Miranda Cannon, Director – Delivery, Communications & Political Governance

## 9. Report Authors

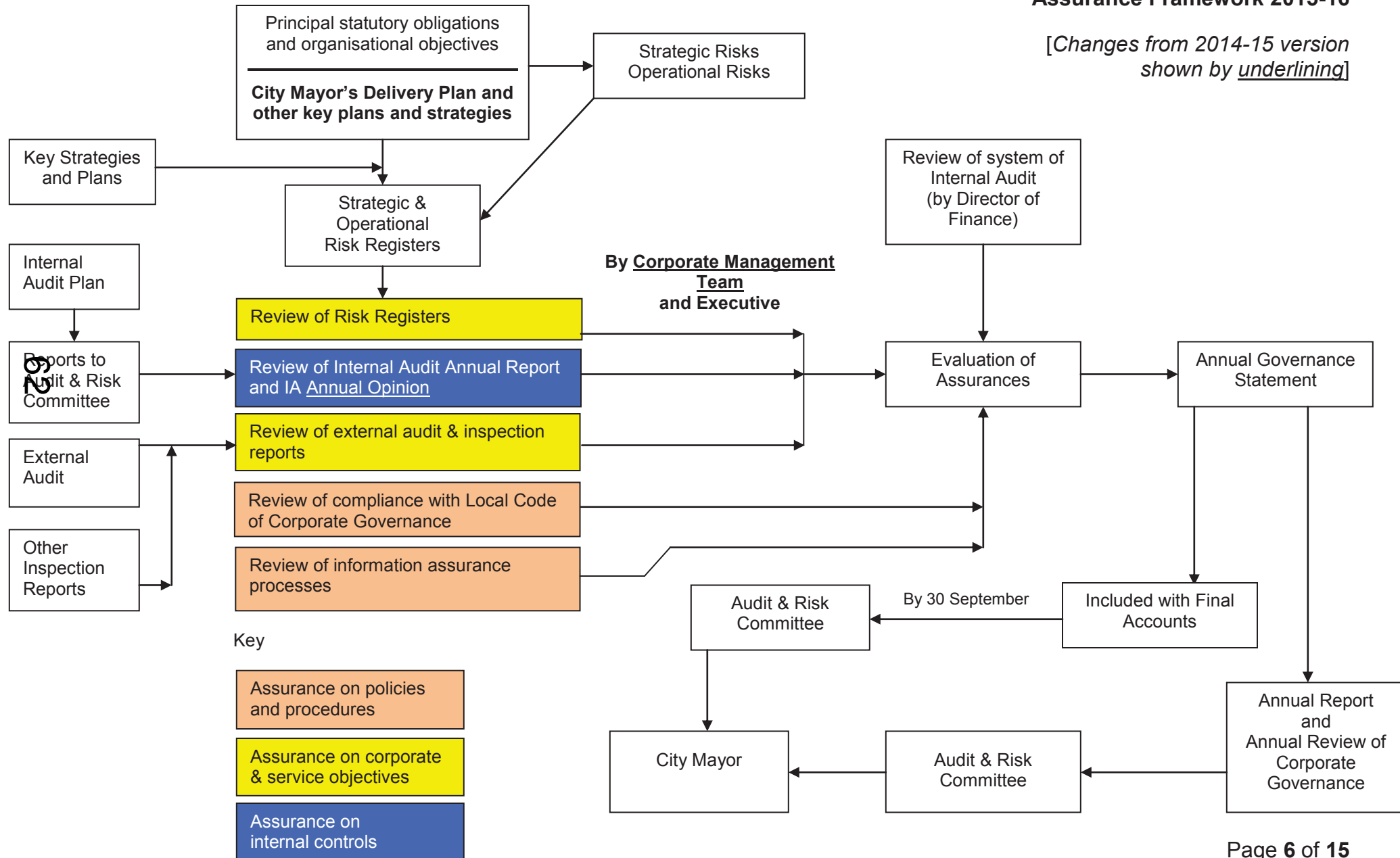
Tony Edeson, Head of Internal Audit & Risk Management, Financial Services, x37 1621 [tony.edeson@leicester.gov.uk](mailto:tony.edeson@leicester.gov.uk)

Steve Jones, Audit Manager, Financial Services, x37 1622 [steve.jones@leicester.gov.uk](mailto:steve.jones@leicester.gov.uk)

Kamal Adatia, City Barrister & Head of Standards, x37 1401 [kamal.adatia@leicester.gov.uk](mailto:kamal.adatia@leicester.gov.uk)

**APPENDIX 1  
Assurance Framework 2015-16**

*[Changes from 2014-15 version  
shown by underlining]*



**Local Code of Corporate Governance**

[Only minor changes in terminology are proposed, indicated by underlining]

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Below is the City Council's current *Local Code of Corporate Governance* as published on the Council's website at <http://www.leicester.gov.uk/your-council-services/council-and-democracy/key-documents/corporate-governance-code/>

**Local Code of Corporate Governance**

The City Council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE *Framework Corporate Governance in Local Government: A Keystone for Community Governance*.

**The Code: Community Focus**

In carrying out its duties and responsibilities, the Council will:

- Work for and with the local community.
- Exercise leadership, where appropriate, in the local community.
- Undertake an ambassadorial role to promote the wellbeing of the city through maintaining effective arrangements for:
  - accountability to stakeholders for its performance and the effectiveness in delivering its services and the sustainable use of resources
  - demonstrating integrity in its dealings to build effective relationships and partnerships with other public agencies and the private and voluntary sectors
  - demonstrating openness in all its dealings
  - demonstrating inclusivity through effective communication and engagement with the local community and other relevant stakeholders
  - development of a clear vision and corporate strategy in response to corporate needs and objectives.

**Service Delivery Arrangements**

The Council will monitor the implementation of its agreed policies and decisions and aim to achieve continuous improvement in the procurement and delivery of services by maintaining arrangements which:

- Demonstrate accountability for service delivery at a local level.
- Ensure effectiveness through measurement of performance.

- Demonstrate integrity in its dealings with service users and partnerships to ensure the right provision of services locally within the resources and powers available.
- Demonstrate openness and inclusivity through its consultation with key stakeholders, including service users.
- Are flexible and can be kept up to date, and adapted to accommodate change and meet legitimate user needs and aspirations.

### **Structures and Processes**

The Council will put into place effective political and managerial structures and processes to govern its decision-making and the exercise of its authority, through:

- Defining roles and responsibilities of members and officers to ensure accountability, clarity and ordering of its business.
- Ensuring there is proper scrutiny, validation and review of all aspects of performance and effectiveness.
- Demonstrating integrity by securing a fair balance of power and authority.
- Documenting its structures and procedures and ensuring they are communicated and understood to demonstrate openness and inclusivity.
- Ensuring these structures and processes are kept up to date and adapted to meet change.

### **Risk Management and Internal Control**

The Council will establish and maintain a systematic strategy, framework and processes for managing risk, which:

- Include public statements on its risk management strategy, framework and processes to demonstrate accountability.
- Demonstrate integrity by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks.
- Establish mechanisms to monitor and review effectiveness against agreed standards and targets and the operation of controls in practice.
- Display openness and inclusivity through the involvement of those associated with the planning and delivering of services, including partners.
- Include mechanisms to ensure the risk management and control process is monitored for compliance, including processes for independent assurance, and that changes are accommodated.

## Standards of Conduct

The Council will:

- Exercise leadership by conducting itself as a role model for others to follow.
- Define standards of personal behaviour to be expected of members and staff and those involved in service delivery.
- Put in place arrangements that ensure:
  - accountability, through establishing systems for investigating breaches and disciplinary matters, and taking action where appropriate (including arrangements for redress)
  - effectiveness, through monitoring compliance
  - integrity, by ensuring that objectivity and impartiality are maintained in all relationships
  - openness and inclusivity, through the documentation of standards, and their regular review.

The Council will deliver these outcomes through:

- Annually defining a series of local procedures and practices which together create the assurance framework for good corporate governance as described in the CIPFA<sup>5</sup>/SOLACE<sup>6</sup> *Framework Corporate Governance in Local Government: A Keystone for Community Governance*.
- Nominating a lead officer for each, who will be responsible for assessing effectiveness in practice.
- Nominating a member of the Corporate Management Team as the Council's 'Corporate Governance Champion', responsible for pulling together assessments from lead officers and reporting to the Corporate Management Team on the overall picture, making recommendations for action as appropriate. (In practice, the City Barrister & Head of Standards, as the Council's designated Monitoring Officer, is the 'Corporate Governance Champion'.)
- Annual discussion, deliberation and updates at the Corporate Management Team and the Audit & Risk Committee.
- Conducting an annual review of its systems of corporate governance and internal control, assessing the extent to which this Local Code has been adhered to and the actions required where adherence has not been achieved.
- Publishing an Annual Governance Statement giving the outcomes of this review.

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<sup>5</sup> Chartered Institute of Public Finance & Accountancy

<sup>6</sup> Society of Local Authority Chief Executives

The key policies and procedures that will compose the core of this process are listed below:

- **Constitutional arrangements**
  - The Council's Constitution including the members' Code of Conduct and Political Conventions (the latter are part of the Constitution)
  - Standards procedures for investigation of potential breaches of the Code of Conduct
  - Procedural guidance for members
- **Effective arrangements for performance management and communications**
  - The City Mayor's Delivery Plan
  - Key strategic plans e.g. Economic Action Plan, Children's and Young People's Plan, Health and Wellbeing Plan
  - ~~Performance Management Framework~~
  - Procurement Strategy and guidance
  - Project Portfolio Management process
  - Project and programme management standards
  - Consultation guidance
  - Comments and complaints procedure
  - Customer service standards
  - Communications guidance
- **Effective administration of financial affairs**
  - Finance Procedure Rules and associated guidance
  - Contract Procedure Rules and associated guidance
- **Effective systems of risk management and internal control**
  - Risk Management Policy and Strategy
  - Business Continuity Management Strategy
  - Emergency plans
  - Internal Audit Charter
  - Anti-Fraud, Bribery and Corruption Policy and Strategy
  - Information Security Policy
  - Health and Safety Policy
  - EMAS (Eco-Management & Audit Scheme)
- **Effective Human Resources policies**
  - Whistle-Blowing (Disclosure policy)
  - Code of Conduct (Officers)
  - Disciplinary policy

Ends



**Audit & Risk Committee Terms of Reference**

[Only one minor change is proposed, indicated by underlining]:

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**1. Constitution**

The Council has established a Committee of the Council to be known as the Audit & Risk Committee to report to the Council. This supports the Council's corporate governance responsibilities in relation to internal control, risk management and governance.

**2. Membership**

The Audit & Risk Committee shall consist solely of non-Executive Councillors. The Chair and Vice-Chair of the Committee shall be appointed by the Council from amongst the non-Executive Councillors.

Provided the meeting is quorate, in the absence of the Chair the Vice-Chair will assume the position and authority of the Chair.

The membership of the Committee should reflect the political representation of the Council as a whole.

A quorum of at least three Committee members will be required at all meetings.

**3. Attendance at Meetings**

The Director of Finance, the City Barrister & Head of Standards, the Head of Internal Audit & Risk Management and the Internal Audit Manager shall normally be invited to attend meetings. Other officers will be required to attend if called for by the Committee or when relevant items appear on the agenda. All Councillors are entitled to attend public meetings, should they choose to do so. All such attendees shall have the right to speak, at the discretion of the Chair, but not vote at meetings.

**4. Frequency of Meetings**

Meetings shall be held not less than three times a year. Additionally, special meetings may be convened if an issue arises that, in the opinion of the Chair, cannot wait until the next scheduled meeting.

**5. Duties**

The duties of the Committee shall be as set out in the annexed schedule to these Terms of Reference.

**6. Authority**

The Committee approves, on behalf of the Council, the Council's accounts and its internal control, risk management and governance frameworks and any aligned policies and arrangements.

The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee will advise the Chief Operating Officer as the Head of Paid Service if it has exercised this authority to seek information (other than routine information) from any employee, setting out the information required and the circumstances underlying the request.

The Committee is authorised by the Council, if considered necessary, to secure the attendance of third parties with relevant experience and expertise provided that the Committee shall notify the Chief Operating Officer as the Head of Paid Service before any fees for such attendance are agreed.

## **7. Communications**

The Secretary of the Committee will circulate the agenda and papers for meetings five clear days before the meeting.

The Committee will consider and agree the approved minutes of the Committee at its next meeting.

The Committee's Terms of Reference will be made available on the Council's website. They will be reviewed and, where necessary, updated at least annually.

An annual report of the Committee's activity will be submitted to the Council each year.

## **Duties of the Audit & Risk Committee**

### **1. Audit Framework**

#### **1.1 Internal Audit**

- On behalf of the Council, to approve the Head of Internal Audit's annual report and opinion, considering the level of assurance given over the Council's corporate governance arrangements and decide on appropriate actions.
- To consider, challenge and approve (but not direct) Internal Audit's strategy and plan and monitor performance on an annual basis.
- To receive summaries of Internal Audit reports and the main issues arising.
- To review and challenge management's responsiveness to the internal audit findings and recommendations, seeking assurance that appropriate action has been taken where necessary and agreed recommendations have been implemented within a reasonable timescale.
- To monitor and assess the role and effectiveness of the Internal Audit function.

In fulfilling these functions, the Audit & Risk Committee fulfils the role of 'the board' for the purposes of the *Public Sector Internal Audit Standards*.

#### **1.2 External Audit**

- On behalf of the Council, to review with the external auditor and inspection agencies the findings of their work including any major issues which are unresolved; key accounting and audit judgments; and the levels of errors identified during the audit. The Committee should obtain explanations from management and from external auditors, where necessary, as to why errors might remain unadjusted.
- To consider the scope and depth of external audit work and to assess whether it gives value for money.
- To liaise with Public Sector Audit Appointments Ltd (as successor body to the Audit Commission for this purpose) over the appointment of the Council's external auditor and conduct such other related functions as required by the local public audit regime.
- To facilitate effective relationships between external and internal audit, inspection agencies and other relevant bodies and ensure the value of these audit relationships is actively promoted.
- To approve any instances of non-audit work by the external auditors in accordance with the *Policy for Engagement of External Auditors for Non-Audit Work* and report any such instances to the Council.

## **2. Risk Management Framework**

- On behalf of the Council, to consider and challenge the effectiveness of the Council's Risk Management Strategy and Framework, including the Risk Management and Insurance Services function.
- To consider and approve, on behalf of the Council, the Council's Risk Management Strategy and its key risk management policies including the Council's statement of overall risk appetite.
- To approve, on an annual basis, the Risk Management and Insurance Services function's terms of reference and its annual plan.
- To review (and take any actions as a consequence of) reports from the Head of Internal Audit & Risk Management in respect of the status of key current and emerging risks and internal controls relating to those risks (the Operational and Strategic Risk Registers).

## **3. Internal Control and Governance Framework**

- To review the adequacy of the Council's internal control framework through review of its system of internal control and system of internal audit and overseeing the production and approval of the Council's Annual Governance Statement prepared in accordance with the Local Code of Corporate Governance.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts. (The Committee is to do this before approving the Council's published financial statements. The Committee should take note of any adjustments set out in the external auditor's report and agree any such adjustments where management has declined to do so or set out the reasons for not doing so.)
- To maintain an overview of the Council's Constitution in respect of contract procedure rules, finance procedure rules and codes of conduct and behaviour.
- To review and approve, on an annual basis, the Council's anti-fraud, bribery and corruption and its disclosure (whistle-blowing) policies and procedures.
- Annually, to assess all significant risk issues considering:
  - Changes since the last annual assessment and the Council's response;
  - The scope and quality of management's ongoing monitoring of risks and the system of internal control;
  - The incidence of significant control failings in relation to all significant risks and their impact.

- To review regular reports from Internal Audit and Risk Management on risk and internal controls, considering:
  - The effectiveness of systems of internal control across the Council
  - Reports on major control issues and their impact on the Council's risk profile.
- To consider and decide on appropriate actions relating to the Council's compliance with its own and other published or regulatory policies, standards and controls, including:
  - Policies relating to information governance and assurance
  - Health & Safety at Work
  - Civil Contingencies Act
  - Policies relating to disclosures and complaints
  - Others as appropriate.

#### **4. Financial Reporting Framework**

- To review and approve the Council's published financial statements, the external auditor's annual opinion and other reports to Members and to monitor management action in response to issues raised.
- To review and approve the annual statement of accounts and the annual Letter of Representation on behalf of the Council, giving particular attention to critical accounting policies and practices, decisions requiring a significant element of judgement, how any unusual transactions should be disclosed and the clarity of the disclosures.
- To bring to the attention of the Council any concerns arising from the financial statements or from the audit.

#### **5. Other Matters**

- To consider, approve or make recommendations in respect of any other matters referred to it by the City Mayor, Chief Operating Officer (as the Head of Paid Service) or a Director or any Council body.
- To consider any relevant matters reserved for Member-level decision as detailed in Rules of Procedure.
- To present an annual report to the Council on the Committee's conduct, business and effectiveness.

Ends





Leicester  
City Council

WARDS AFFECTED  
All

## FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

31<sup>st</sup> March 2015

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### Annual Review of the Internal Audit Charter

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#### Report of the Director of Finance

##### 1. Purpose of Report

1.1. To seek the Committee's approval of minor updates to the Internal Audit Charter.

##### 2. Recommendation

2.1. The Committee is recommended to approve the updated Internal Audit Charter and agree that it accurately reflects the terms of reference of the Internal Audit service (Appendix 1).

##### 3. Summary

3.1.1. Partly as good practice and partly in fulfilment of regulatory requirements, the City Council has in place a formally approved Internal Audit Charter and professional standards for Internal Audit. The professional standards<sup>1</sup> require the preparation of an Internal Audit Charter and set out the essential requirements.

3.1.2. The Internal Audit Charter has been reviewed and minor updates made where necessary. It now needs the approval of the Audit & Risk Committee.

##### 4. Report

##### 4.1. Revision of Internal Audit Charter

4.1.1. For a number of years, the City Council has had in place a formally approved Internal Audit Charter. This sets out the terms of reference for the Council's Internal Audit service. The current version was approved by the Audit & Risk Committee at its meeting on 30<sup>th</sup> July 2014.

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<sup>1</sup> The *Public Sector Internal Audit Standards*, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditor (IIA).

4.1.2. The purpose is to specify the responsibilities and objectives of Internal Audit, its position within the organisation, its scope, rights of access and reporting requirements and the prioritisation of audit work based on risk. In this way, the Council seeks to demonstrate its compliance with the requirement under Regulation 6(1) of the Accounts and Audit (England) Regulations, which requires that the Council:

*...undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.'*

4.1.3. The Internal Audit Charter is subject to annual review and particular reference has been made to the requirements of the Public Sector Internal Audit Standards. These have been formally adopted by the Committee as the professional standards to which the Council's Internal Audit service shall operate. There are detailed attribute standards including the purpose, authority, independence, proficiency and quality of internal audit. The Internal Audit Charter has been reviewed to ensure it incorporates the necessary provisions.

4.1.4. The revised Internal Audit Charter is set out in full in Appendix 1 with the changes from the previous version underlined. The changes are minor but reflect changes in terminology plus the addition of direct reference to the Council's Monitoring Officer.

4.1.5. The Committee is asked to approve this updated Charter.

## **5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **5.1. Financial Implications**

An adequate and effective system of internal audit is a central component in the processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. An effective internal audit function is a key means by which the Director of Finance discharges her responsibilities under s151 of the Local Government Finance Act 1972 (see below). Such arrangements are intended to help the Council as it faces the financially challenging times ahead.

*Colin Sharpe, Head of Finance, x37 4081*

### **5.2. Legal Implications**

Internal Audit's work promotes sound financial management and legal compliance in all areas subject to review. It is a significant component of the requirements placed upon the Council for 'the proper administration of its financial affairs' by s151 of the Local Government Act 1972 as well as the specific requirements for internal audit under the Accounts and Audit (England) Regulations 2011.

*Kamal Adatia, City Barrister & Head of Standards, x37 1401*

### **5.3. Climate Change Implications**

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

*Louise Buckley, Graduate Project Officer, Climate Change, x37 2293*



**6. Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph/References Within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Council's governance and assurance processes, a main purpose of which is to give assurance to Directors, the Council and this Committee that risks are being managed appropriately by the business. This includes the risks of fraud and financial irregularity.

**7. Background Papers – Local Government Act 1972**

7.1. Files held by Internal Audit.

**8. Consultations**

8.1. Via the Corporate Management Board and the Finance Management Team, all Directors and Heads of Finance have been consulted in the preparation of this report.

**9. Report Author**

Steve Jones, Audit Manager, Financial Services, x37 1622  
[steve.jones@leicester.gov.uk](mailto:steve.jones@leicester.gov.uk)



Leicester  
City Council

# Internal Audit Charter

Internal Audit is an independent appraisal function established for the review of the internal control system as a service to the City Council. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources and the management of risk.

The Council has determined that the Director of Finance shall be the officer nominated under Section 151 of the Local Government Act 1972 to have responsibility for the proper administration of its (the Council's) financial affairs.

Provision of an adequate and effective Internal Audit is the responsibility of the Council under Regulation 6 of the Accounts and Audit (England) Regulations 2011. This function has been delegated to the Director of Finance, who shall provide an Internal Audit service to the City Council in accordance with statutory requirements and professional standards. This latter requirement is met by virtue of compliance with the *Public Sector Internal Audit Standards*, issued by jointly by CIPFA<sup>1</sup> and the IIA<sup>2</sup> in 2013. These incorporate a definition of internal auditing and a code of ethics as well as attribute and performance standards.

## Definition of Internal Audit

Leicester City Council has adopted the definition of Internal Audit as given in the *Public Sector Internal Audit Standards*:

*Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

## Responsibilities of Internal Audit

Internal Audit's responsibility is to report to the Council on its assessment of the adequacy of the entire control environment, through the Audit & Risk Committee and the Executive.

It does this by:

- Providing assurance to the Council and its management on the quality of the Council's operations, whether delivered internally or externally, with particular emphasis on systems of risk management, resource control and governance.
- Providing equivalent assurances where necessary to relevant interested parties external to the Council, including the external auditor and funding agencies.

<sup>1</sup> Chartered Institute of Public Finance & Accountancy

<sup>2</sup> Chartered Institute of Internal Auditors

- Providing consultancy and advice on the setting up and monitoring of internal controls throughout the City Council and external organisations providing services on behalf of the City Council with the aim of improving economy, efficiency and effectiveness, managing risk and reducing the potential for fraud.
- Providing advice to the Council on those of its activities where there is felt to be exposure to significant financial, strategic, reputational and operational risk to the achievement of its (the Council's) objectives.

In addition:

- Through Internal Audit and the Corporate ~~Counter-Fraud Team and the Revenue & Benefits Investigations~~ Team, the prevention, detection and investigation of fraud are addressed.

Internal Audit will do this in accordance with:

- Relevant codes of ethics, standards and guidelines issued by the professional institutes and the Relevant Internal Audit Standard Setters (RIASS)<sup>3</sup>; this refers to the *Public Sector Internal Audit Standards*
- The City Council's Constitution and other relevant corporate standards and policies
- Its own Audit Manual and other internal standards, which will be adhered to by all its staff, partners and agents. These include requirements for recording of audit work and evidence to support audit conclusions.
- The *Internal and External Audit Joint Protocol*, or equivalent, as agreed from time to time with the Council's external auditor.

Internal Audit will consult with the Council's external auditor and with other relevant inspectorates and review bodies in order to coordinate effort and avoid duplication.

In addition, Internal Audit procedures are designed to ensure that all statutory and professional standards governing confidentiality of information are observed at all times.

### Objectives of Internal Audit

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As part of the City Council's system of corporate governance and in support of the Council's designated monitoring officer, Internal Audit's purpose is to support the Council in its activities designed to meet its declared objectives and to do so:

- As a contribution to the Council's management of risk
- As a contribution to the development and implementation of the Council's policies and procedures
- In compliance with the Council's values
- As an aid to ensuring that the Council and its members, managers and officers are operating within the law and prevailing relevant regulations

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<sup>3</sup> The RIASS include HM Treasury, the Department of Health, CIPFA and agencies of the Northern Ireland, Scottish and Welsh governments.

- As a contribution towards ensuring that financial statements and other published information are accurate and reliable
- In support of the Council in its management of human, financial and other resources in an efficient and effective manner
- In support of the Council in meeting its social, environmental and community priorities
- As a contribution towards establishing and maintaining a culture of honesty, integrity, openness, accountability and transparency throughout the Council in all its activities and transactions.

### Position of Internal Audit within the Organisation

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#### Senior management

Internal Audit reports to the Director of Finance. However, the Head of Internal Audit & Risk Management has the right to report directly to the Chief Operating Officer, the Monitoring Officer, the City Mayor or the Council (through the Audit & Risk Committee or the Executive) if, in the opinion of the Head of Internal Audit & Risk Management there are matters of concern that could place the Council in a position where the risks it faces are unacceptable.

#### 'The Board'

The *Public Sector Internal Audit Standards* identify that Internal Audit has a responsibility to the organisation's 'board'. This is defined in the Standards as:

*The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically, this includes an independent group of directors (e.g. a board of directors, a supervisory board or a board of governors or trustees). If such a group does not exist, the 'board' may refer to the head of the organisation. 'Board' may refer to an audit committee to which the governing body has delegated certain functions.*

The Council has delegated this function to the Audit & Risk Committee for the purposes of overseeing the Council's arrangements for audit, risk and the corporate governance assurance framework. The terms of reference of the Audit & Risk Committee include their responsibilities under the audit framework including internal audit.

#### Status of Internal Audit

Internal Audit is an independent review activity. It is not an extension of, or a substitute for, the functions of line management and must remain free from any undue influence or other pressure affecting its actions and reporting.

At all times, management's responsibilities include:

- Maintaining proper internal controls in all processes for which they have responsibility.
- Co-operating fully with Internal Audit and ensuring that Internal Audit can properly fulfil their role. To that end, there is an agreed protocol for escalating unresolved disputes.
- The prevention, detection and resolution of fraud and irregularities.

- Considering and acting upon Internal Audit findings and recommendations or accepting responsibility for any resultant risk from not doing so.

In addition, Internal Audit:

- Has no executive responsibility, thus protecting its independence of reporting and action.
- Reserves to itself the right to determine its own work plans and priorities, which it will do in full compliance with recognised professional standards. Whilst Internal Audit will respond to requests for specially commissioned assistance, this is always subject to its existing commitments and the respective levels of identified risk.
- Will prepare annually, for the endorsement and agreement of the Audit & Risk Committee, an operational plan of the activities and areas that are to be covered by its work. This in turn will be based on a strategic audit risk assessment and prioritisation of key business, operational, management and financial risks.

### Scope of Internal Audit activity

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Internal Audit shall review, appraise and report upon:

- The effectiveness of all controls and other arrangements put in place to manage risk
- The completeness, reliability and integrity of information, both financial and operational
- The systems established to ensure compliance with policies, plans, procedures, laws and regulations whether established by the Council or externally
- The effectiveness of arrangements for safeguarding the Council's assets and interests
- The economy, efficiency and effectiveness with which resources are deployed
- The extent to which operations are being carried out as planned and objectives and goals are met.

Internal Audit's work covers:

- All City Council activities, systems, processes, controls, policies, and protocols
- All City Council departments, cost centres and other business units and establishments
- All services and other activities for which the City Council is responsible or accountable, whether delivered directly or by third parties through contracts, partnerships or other arrangements.

In addition:

- Where Internal Audit provides advice on the setting up of controls, it will do so as a consultant and the provision of such advice does not prejudice the right of Internal Audit subsequently to review, comment on and make recommendations on the relevant systems or controls in appropriate circumstances.
- The provision of an investigations service to support management in fulfilling its responsibilities to prevent, detect and resolve fraud, bribery, corruption and other irregularities is the responsibility of ~~Internal Audit~~, the Corporate Investigations Team in

Financial Services, ~~Corporate Counter Fraud Team and the Revenues & Benefits Investigations Team.~~

### Rights of Access

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For the purposes of carrying out Internal Audit's responsibilities, internal auditors shall:

- Have access at all times to any City Council premises and property
- Have access to all data, records, documents and correspondence relating to any financial or any other activity of the City Council
- Have access to any assets of the City Council
- Be able to require from any member, employee, agent, partner, contractor or other person engaged on City Council business, any information and explanation considered necessary to allow it to properly fulfil its responsibilities.

These rights of access include access to relevant records (whether electronic or otherwise) held by service providers. They apply to Council services provided under contracts and partnership arrangements of all kinds including joint, shared and pooled arrangements. This right of access shall be incorporated within all relevant contract or service agreement documents involving City Council services provided other than internally. It applies to all internal auditors legitimately engaged on Leicester City Council Internal Audit business, whether they are employees of Internal Audit or are provided under an authorised agency or other contract or partnership.

Where services subject to audit are provided to the Council through partnership arrangements, the Head of Internal Audit & Risk Management shall decide, in consultation with all parties, the extent to which reliance shall be placed on assurances provided on behalf of partner organisations or their internal auditors. Where appropriate, adequate access rights will be agreed if it is determined that Internal Audit should conduct its own work to derive relevant assurances rather than rely on other parties.

Internal Audit will safeguard all information obtained in the carrying out of its duties and will only use it for the purposes of an audit or investigation. Internal Audit will make no disclosure of any information held unless this is authorised or there is a legal or professional requirement to do so.

### Reporting

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Internal Audit:

- Reports on its work and makes recommendations addressed to the relevant Director and such other levels of management as need to know and are capable of ensuring that appropriate action is taken.
- Will report as required on the results of its work (including progress made in delivering the agreed Audit Plan) to the Director of Finance and the Audit & Risk Committee. This will include an annual report, which will contain the annual audit opinion on the effectiveness of the City Council's internal control environment. This annual report will

also be the basis of an annual review of the effectiveness of the system of internal audit as required of the Council by the Accounts and Audit Regulations.

- Accepts that its responsibility does not cease at the point where a report is issued and will take reasonable action to ensure that recommendations are implemented, having due regard to the duty of the Director of Finance to ensure the Council has efficient arrangements for managing its financial systems.
- Will agree suitable performance measures from time to time with the Director of Finance to evaluate its performance and will maintain and publish information accordingly.
- Will make available, as requested, to members of the Audit & Risk Committee its final reports on audits and investigations (except where these make specific reference to disciplinary or legal matters concerning named individuals). The Director of Finance may stipulate that reports are to be treated in confidence.

The work of Internal Audit (including its opinion on the control environment) shall contribute to the Council's review of its system of internal control as required by the Accounts and Audit (England) Regulations 2011.

### Audit Resources and Work Prioritisation

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The annual audit plan as agreed by the Audit & Risk Committee shall be the main determinant of the relative priority to be placed on each part of the work of Internal Audit. The Head of Internal Audit & Risk Management shall determine the actual deployment of available resources and shall do so within the framework of risk prioritisation used to draw up the strategic audit risk assessment.

The plan will have within it provision of resources to address unplanned work. This contingency shall be directed towards unplanned work including consultancy engagements and covering other unforeseen variations in the level of resources available to Internal Audit, such as staff vacancies.

The Head of Internal Audit & Risk Management shall determine the resources needed, including the skills required, to deliver the audit plan. In the event that the audit risk assessment identifies a need for a greater degree of audit work than there are resources available, the Head of Internal Audit & Risk Management will identify the shortfall in the annual Internal Audit Plan and initially advise the Director of Finance, followed by the Audit & Risk Committee as needed. It shall be for the Audit & Risk Committee to decide whether to accept the risks associated with the non-delivery of such audit work or to recommend to the Council that it requires the Director of Finance to identify additional resources.

### Approval

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The Charter was reported to and approved by the Audit & Risk Committee at its meeting on ~~30<sup>th</sup> July 2014~~ 31<sup>st</sup> March 2015 and shall be subject to regular review by the Director of Finance and the Audit & Risk Committee.







Leicester  
City Council

**WARDS AFFECTED**  
All

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Audit & Risk Committee**

**31<sup>st</sup> March 2015**

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### **Internal Audit Plan 2015-16**

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#### **Report of the Director of Finance**

##### **1. Purpose of Report**

1.1. This report presents to the Audit & Risk Committee the Internal Audit plan for the financial year 2015-16 for approval and seeks views on priorities for Internal Audit work in the year ahead.

##### **2. Recommendations**

2.1. The Committee are asked:

- a) To consider and approve the Internal Audit plan for 2015-16 (attached) and note the context and anticipated priorities for next year's audit work
- b) To make such comments and recommendations as they see fit.

##### **3. Summary**

3.1. Each year, Internal Audit prepares an assessment of the City Council's audit needs, based on information from various sources on the Council's business objectives, the associated risks and other priorities. This is used alongside an estimate of audit staff resources available to determine the operational audit plans for the forthcoming year.

3.2. For 2015-16, however, there are significant uncertainties that preclude the preparation of anything more than an indicative audit plan. Chief among these are:

- a) The budget pressures faced by Internal Audit and the consequent forthcoming organisational and staffing review of Internal Audit. Until this is completed, anticipated in summer 2015, it is difficult to estimate the audit resources likely to be available.
- b) The continuing pursuit of external fee-earning work with other organisations. Though the receipt of external income is helpful in sustaining the audit service, it also has implications for the staff resources available to deliver the audit service to the Council.
- c) The continuing reorganisations of services subject to audit.

- 3.3. As a result, the Audit Plan for 2015-16 is an indicative generic plan only, outlining the areas to be subject to audit, supplemented by details where known of specific commitments for audit work.
- 3.4. As in previous years, the 2015-16 audit plan will operate in the context of:
- a) The budgetary pressures faced by the Council as a whole
  - b) The constantly changing profile of risk at the Council
  - c) The continuing need for assurance on the effectiveness of corporate governance and internal control arrangements.

## **4. Report**

### **4.1. Audit & Risk Committee role**

- 4.1.1. The terms of reference for the Audit & Risk Committee include:

*'To consider, challenge and approve (but not direct) Internal Audit's strategy and plan and monitor performance on an annual basis.'*

### **4.2. The Internal Audit Plan**

- 4.2.1. Professional standards<sup>1</sup> require Internal Audit to give an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control. This requires a structured approach for Internal Audit's work, based on risk and designed to ensure a sufficient spread of audit coverage across the various areas of audit work. The annual audit plan is the means of providing that approach.
- 4.2.2. The annual audit plan is prepared in accordance with the Council's Assurance Framework (which is also on the agenda of this meeting of the Audit & Risk Committee). This links the Council's corporate objectives, the risks to those objectives and the need for assurance on the management of those risks. The aim is to ensure that the Internal Audit annual opinion can support the Council when considering its Annual Governance Statement.
- 4.2.3. The annual audit plan is also prepared in accordance with the Council's Internal Audit Charter.
- 4.2.4. The annual audit plan for 2015-16 and the basis of its preparation are given in the attached document. Rather than presenting a detailed list of specific audits, the plan is grouped into areas of audit. The intention is that, given the considerable uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining sufficiency of audit coverage for each of the relevant areas.

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<sup>1</sup> The *Public Sector Internal Audit Standards*, issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA). They set out the professional standards for internal auditors in accordance with recognised international professional practice.

- 4.2.5. Note that this plan does not include numbers of audit days to be allocated to each area, with the exception of Environmental audits under the Eco-Management & Audit Scheme (EMAS) and Public Health (by specific agreement with the Director of Public Health). Audit time budgets will be determined when the terms of reference are agreed for each audit. They will also take account of the audit resources available, including due allowance for the implications of efforts to generate fee income by offering Internal Audit services to external organisations and academies. The capacity for Internal Audit to do this without affecting the sufficiency of the audit service for the City Council is kept under review along with the options available. The Audit & Risk Committee will be kept informed of any developments in this respect.
- 4.2.6. The main areas of coverage in the Internal Audit generic plan for 2015-16 are:
- (i) Review of the effectiveness of essential controls in the Council's significant financial systems. The scope of this work is decided in conjunction with the Council's external auditor, KPMG, with a view to their placing reliance on Internal Audit's work when conducting the audit of the Council's financial accounts. This work will be supplemented by audit review of other financial systems identified on the basis of risk.
  - (ii) IT systems and security and the need for sound arrangements for information assurance and data quality.
  - (iii) Corporate governance, so as to provide the necessary assurances for the preparation of the statutory Annual Governance Statement.
  - (iv) Audit of contracts and procurement.
  - (v) Schools. The budget reductions will mean that the extent of the mandatory Internal Audit service for schools is under review. Schools will have to pay for anything above this, as happens at other local authorities.
  - (vi) Audits of compliance by the Council with regulatory requirements. Significant among these is the Council's continued accreditation for the Eco-Management and Audit Scheme (EMAS), with a continued emphasis on identified risks and the need for assurance on data quality. The detail of Internal Audit's involvement in this remains subject to confirmation. Provision is also made for audits against mandatory and other guidance governing the Council's responsibilities for Public Health.
  - (vii) Grant certification audits, subject to the requirements of the respective funding agencies.
  - (viii) Provision for responsive audits including value for money reviews.
  - (ix) Provision for specific follow-up audits to give independent assurance on the sustained implementation of audit recommendations, especially those arising from previous audits where 'little or no assurance' had been given.
- 4.2.7. It is stressed that this is a generic annual plan only, identifying the areas of audit coverage. Though some indications are given in the plan, the specific individual

audits will be determined quarterly by consultation throughout the year. These quarterly plans and progress in delivering them will be reported via regular update reports to the Committee.

4.2.8. Mention should also be made of the Corporate Investigations Team, which reports separately to the Head of Revenues & Benefits. Their work will, however, be coordinated where necessary with that of Internal Audit.

## 5. Financial, Legal and other Implications

### 5.1. Financial Implications

There are no direct financial implications arising from this report. However, as a result of the work carried out there would be an expectation that implementing recommendations made by Internal Audit will improve the effectiveness, efficiency and economy of service delivery, with potential for consequential reductions in cost or improvements in quality.

*Colin Sharpe, Head of Finance, x37 4081*

### 5.2. Legal Implications

The provision of ‘an adequate and effective internal audit’ is a statutory requirement under regulation 6 of the Accounts & Audit Regulations 2011. The whole audit process is also intended to give assurance that all the activities audited have in place satisfactory arrangements to ensure compliance with relevant law and regulation applicable within the scope of the particular audit review.

*Kamal Adatia, City Barrister & Head of Standards, x37 1401*

### 5.3. Climate Change Implications

Other than its references to the Eco-Management and Audit Scheme (EMAS), this report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council’s climate change targets.

*Louise Buckley, Graduate Project Officer, Climate Change, x37 2293*

### 5.4. Other Implications

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	Yes	4.2.6(vi): EMAS
Crime and Disorder	Yes	Whole report, plus paragraphs 4.2.6(ii) and 4.2.8. Part of the purpose of Internal Audit is to give assurance on the controls in place to prevent fraud and other irregularity such as breach of data security.

Other Implications	Yes/No	Paragraph/References within the Report
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Internal Audit process, a main purpose of which is to give assurance to Directors and this Committee that risks are being managed appropriately by the business.

## 6. **Background Papers – Local Government Act 1972**

6.1. Files held by Internal Audit.

## 7. **Consultations**

7.1. All Directors, Heads of Finance and the Head of Information Assurance have been consulted in the preparation of the audit plan. Discussions have also taken place with the external auditors, KPMG, and their comments taken into account.

## 8. **Report Author**

8.1. Steve Jones, Audit Manager, Internal Audit, Financial Services, x37 1622  
[steve.jones@leicester.gov.uk](mailto:steve.jones@leicester.gov.uk)





Leicester  
City Council

Internal Audit  
Leicester City Council

# Internal Audit Plan 2015-16

March 2015

## Table of Contents

	<b>Page no.</b>
Introduction	1
Compilation of the Annual Internal Audit Plan for 2015-16	2
Themes Emerging in the 2015-16 Audit Plan	5
The External Auditor	7
Conclusions	8
Approval	8
Appendix A Internal Audit Plan 2015-16	9



# Internal Audit Plan 2015-16

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## 1. Introduction

- 1.1. Internal Audit is a central part of the Council's corporate governance and management arrangements. It provides an objective review and assessment of the adequacy of internal control arrangements in place to manage the risks the Council faces in seeking to achieve its objectives. Service improvement is a key objective of Internal Audit and is an important part of the audit process.
- 1.2. Internal Audit seeks to deliver assurance on the management of risk and the effectiveness of internal control systems in operation at the City Council. Its resources are, however, limited, so its work is planned to ensure that available resources are used effectively and efficiently and are targeted at those areas posing the greatest risk to the achievement of the Council's objectives or are otherwise aligned with strategic priorities. To do so, Internal Audit prepares an annual audit plan. This is done as described in paragraph 2.1 below. The aim is to ensure a structured approach to the audit service so as to enable Internal Audit to provide an overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 1.3. This document presents the Internal Audit Plan for the financial year 2015-16. Set out below are:
  - The basis of the preparation of the Internal Audit Plan for 2015-16 and the themes emerging
  - The contribution of the Internal Audit Plan to the Council's corporate governance and control arrangements
  - The relationship between the work of Internal Audit and the external auditor.
- 1.4. The audit plan does not list the individual audits anticipated; rather, it is presented as the essential areas of audit coverage within which specific audits will be undertaken. The reasons for this are:
  - The continuing uncertainties presented by the severe financial pressures the Council faces. In common with other services, Internal Audit is affected by these pressures and a review is currently under way. This is likely to lead to a reduction in staff numbers.
  - The potential for priorities and associated risks to change during the year, such that the focus of audit effort in a particular area may change.
  - The continuing change in the Council's organisational structures and management responsibilities.
- 1.5. The audit plan is a therefore statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible and prepared to revise its activities in response to changing circumstances or emerging risks. However, this flexibility may not be sufficient to cope with all changes required. It may also prove necessary to remove planned audits from the work plans in order to address emerging issues of greater risk.

# Internal Audit Plan 2015-16

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- 1.6. In addition, Internal Audit continues to seek opportunities to provide audit services to both internal and external customers on a traded basis. Though this may not be undertaken for profit, any fee income earned helps to sustain the audit service available to all client organisations, including the City Council, at a time of financial pressure. This particularly applies to technical specialist areas of audit such as IT and contract audit. However, such work also has implications for the availability, including timing, of audit resources available to the City Council. It is important to note also that any audit work undertaken for external clients does not form part of this audit plan.
- 1.7. [Appendix A](#) identifies the areas of audit coverage and the rationale for their inclusion in the audit plan for 2015-16. In some areas, potential specific audits are identified with an indication of when in the year they might be undertaken. These are subject to confirmation when the detailed quarterly plans are prepared.

## 2. Compilation of the Internal Audit Plan for 2015-16

### 2.1. Context

- 2.1.1. The annual audit plan for 2015-16 identifies the categories of audits to be carried out and in accordance with the *Public Sector Internal Audit Standards*<sup>1</sup>, is based on risk. The principal source of information on identified risks has been the divisional risk registers, supplemented by consultation with all directors both individually and collectively via the Corporate Management Team; the Director of Finance; and the Finance Management Team, to identify the priorities put forward for audit coverage. The plan has also been shared for consultation with KPMG as the Council's external auditor. Final approval is the responsibility of the Council's Audit & Risk Committee.
- 2.1.2. The purpose of the plan is to align audit resource to those areas assessed as posing the greatest risk to the Council.

### 2.2. Selecting the Audits

- 2.2.1. The main consideration in audit work is the degree of risk to the Council. Factors to be taken into account when selecting specific audits for inclusion in the planned work for 2015-16 include:
- a) The materiality of the activity in terms of financial values as well as political and regulatory factors such as legislative requirements.
  - b) The reliance to be placed on Internal Audit's work by the Council's external auditors in their reliance on the Council's significant financial systems as part of the external audit of the Council's published financial statements.
  - c) The extent of the Council's reliance on third parties for service delivery, by means of contracts and partnerships.

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<sup>1</sup> These are issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA). They set out the professional standards for internal auditors in accordance with recognised international professional practice.

# Internal Audit Plan 2015-16

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- d) The sensitivity of the activity in terms of the reputational consequences of failure and the potential effects of failure on the Council, its clients and the public.
- e) Stability including organisational, IT and other change and whether the activity is yet ready for audit.
- f) Whether Internal Audit can add value to other review and assurance processes already in place.
- g) Audit history including the assurance given in the latest previous audit on the strength of controls identified at that time, plus any risk or experience of fraud, error or waste.
- h) Any other material concerns, including those raised by the responsible director.

2.3. Traditionally, these factors have been used as part of an overall risk assessment for each auditable activity. In 2013-14, the decision was made to present the audit plan in a more generic format than in previous years. This was then supplemented by detailed quarterly plans setting out the specific audits to be delivered based on the risk profile at the time. The process has worked well and is continued in 2015-16. Though it does not give an absolute measure of risk, it does give a basis for prioritising audit work. It also means that, given the considerable uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risk profiles and strategic or operational priorities whilst maintaining a sufficiency of audit coverage for each of the relevant areas. The coordination between the Council's Internal Audit and Risk Management functions is of value here in 'horizon-scanning', such that emerging local and national risks are identified and can be covered in Internal Audit work where appropriate.

2.4. Individual audits will be agreed with service management; in most cases by means of specific terms of reference. Regular update reports on plan progress will be presented to the Audit & Risk Committee, who will also be advised of any implications for Internal Audit's ability to give sufficient assurance on the effectiveness of the Council's system of internal control and management of risk.

2.5. It should be noted that inclusion in the audit plan does not imply that a service, system or activity is poor. It indicates activities that most need to be subject to effective controls to manage the risks identified. An effective control environment may include regular internal audit review.

## 2.6. Delivering the Audit Plan

2.6.1. In compiling the audit plan, Internal Audit has always sought to present an objective view of the audit needs of the City Council. Traditionally, this has accompanied an assessment of the extent to which the plan can be delivered within the Internal Audit resources available. There is the irony that the continuing financial stringency increases the need for high levels of assurance on the effectiveness of the Council's systems of internal control, which increases the importance of effective Internal Audit coverage.

# Internal Audit Plan 2015-16

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- 2.6.2. Given the flexible and risk-based approach to audit planning in 2015-16, this annual audit plan does not identify the audit resources anticipated to be available. Setting out estimated audit time budgets at this stage is not considered meaningful.
- 2.6.3. Audit time budgets will continue to be included in the quarterly detailed audit plans, based on resources and priorities as they develop over the year. Delivery of the plan along with the outcomes of audit work will also continue to be subject to regular reporting, both on the individual audits as they are completed and overall during and at the end of the financial year. Combined with effective follow-up of recommendations made and high-level reporting on trends and themes emerging, this should enable the Council to ensure that its governance and control systems remain robust.
- 2.6.4. Where Internal Audit reviews have resulted in low levels of assurance, follow-up audits will be conducted to review the implementation of audit recommendations made. The aim is to give assurance that the necessary improvements to controls have been made. The plan makes allowance for such follow-up work and reporting on its outcomes to senior management and the Audit & Risk Committee.
- 2.6.5. Finally, despite the quarterly detailed plans, occasions will arise when urgent specially commissioned audit work will be needed that will not wait until the next quarter. Such audits will only be undertaken if an assessment of risk demonstrates a high need for involvement compared with other planned work; they and their implications will be included in the regular progress reporting.

## **2.7. The Audit Plan as a contribution to the Council's system of internal control and governance**

- 2.7.1. Internal Audit plays a major role in supporting and maintaining effective internal controls as a contribution to the effective corporate governance of the Council and its activities. This annual audit plan is the prime mechanism for providing independent assurance to the Council that its systems of internal control are operating effectively and, where they are not, for drawing this to the Council's attention. Internal Audit's work provides assurance that the risks posed to the achievement of the Council's objectives are effectively controlled and, where they are not, identifies the extent to which remedial actions are required to put controls in place or to make existing controls more effective. It is important, however, that the true purpose of Internal Audit is recognised; that is, independent review of management control. It is not Internal Audit's purpose to replace such control and take the place of management.
- 2.7.2. Under the *Accounts & Audit (England) Regulations 2011*<sup>2</sup> the Council is required to review its system of internal control at least annually. The results must be given in its Annual Governance Statement<sup>3</sup>, which is published

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<sup>2</sup> Regulation 4(2) of the Accounts and Audit (England) Regulations 2011

<sup>3</sup> Required under regulation 4(3)(b) of the Accounts and Audit (England) Regulations 2011

# Internal Audit Plan 2015-16

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alongside the published financial statements as part of the Council's accountability to all of its stakeholders.

- 2.7.3. The regulations also require the Council to '*undertake an adequate and effective internal audit*'<sup>4</sup>. The Council must also review its internal audit arrangements at least annually. Clearly, the degree of reliance that the Council can place on the work of Internal Audit is a key element in discharging these requirements.
- 2.7.4. Internal Audit's contribution to this process for 2015-16 is set out in this plan. The results of a formal review of the system of internal audit will be reported separately to the Audit & Risk Committee later in 2015. It will include an assessment of compliance with the *Public Sector Internal Audit Standards*<sup>5</sup>, the professional standards that govern the internal audit profession. These have been formally adopted by the Council as the standards to which Internal Audit shall operate. The Council's external auditors expect Internal Audit to comply with the PSIAS<sup>6</sup>.
- 2.7.5. Internal Audit is therefore an essential component of the Council's corporate governance and assurance framework.
- 2.7.6. All of the above is subject to regular review of progress, the outcome of which is reported periodically to the Audit & Risk Committee.

## 3. Themes Emerging in the 2015-16 Internal Audit Plan

- 3.1. A number of themes have emerged in the preparation of the 2015-16 Internal Audit Plan. These are:
  - A major part of the work of Internal Audit will be the **significant financial systems** (such as the main accounting system, creditor payments and payroll). As well as the financial and transaction-testing audit work will be coverage of the associated IT controls in the supporting IT systems. The Council's external auditors, KPMG, will again seek to place significant reliance in 2015-16 on Internal Audit's work on significant financial systems.
  - **Information governance and data security**. A number of audits, especially in the IT field, cover the security of the Council's extensive and often highly sensitive data holdings. Internal Audit will undertake technical audits of new and developing IT systems as part of corporate IT security policy. Information assurance and data quality are recognised as a specific area of relevance to the corporate assurance framework, which leads to the Annual Governance Statement.
  - A continuation of Internal Audit work in **high-level corporate management functions** including corporate governance, risk management, project assurance and performance management.

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<sup>4</sup> Regulation 6(1) of the Accounts and Audit (England) Regulations 2011

<sup>5</sup> The *Public Sector Internal Audit Standards* were issued jointly by CIPFA and the Chartered Institute of Internal Auditors. They set out the professional standards for internal auditors in accordance with recognised international professional practice.

<sup>6</sup> *Internal and external audit protocol*, KPMG, April 2013

# Internal Audit Plan 2015-16

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Internal Audit will play a major part in this in conjunction with the preparation of the Council's Annual Governance Statement.

- There is to be similar specific coverage of the Council's arrangements under its **Public Health** responsibilities. A major component of this work will be a programme of reviews of the arrangements in place to ensure compliance with guidance issued by the National Institute of Health and Care Excellence, NICE. This assurance will be valuable in supporting the Council's accountabilities under the Public Health grant arrangements.
- **Contract audit.** External suppliers and partners are fundamental in the provision of many Council services and the Council continues to revise its contract procurement processes and the associated procedure rules. Contract audit will cover the robustness of the arrangements in place to protect the Council's interests in contract procurement and monitoring.
- Subject to risk, some continued coverage of other **outlying establishments** such as social care facilities and leisure centres. Internal Audit has a continuing role in giving advice on best practice and assurance on the effectiveness of processes in operation.
- **Schools.** Work in the first part of the year will concentrate on the Schools Financial Value Standard, SFVS, with review of returns submitted by schools and visits to a sample of schools in the summer term to review the accuracy of returns submitted. This is in furtherance of the annual assurance statement submitted by the Director of Finance on the Council's behalf to the Department for Education.

Discussions continue about the level of planned audit coverage of schools for the remainder of the financial year. Because of the economic climate and the reduced risk profile of schools, the scope and frequency of coverage is likely to be reduced.

Additional traded audit service options are available to schools, including advice and consultancy on financial arrangements. Internal Audit also remains ready to provide audit services to those schools converting to academies; this is at the discretion of the schools themselves.

- **Environmental Audits.** Continued accreditation under the Eco-Management and Audit Scheme (EMAS) requires a robust internal audit process. The incorporation of EMAS site visits within the well-established Health & Safety inspections will continue. Subject to further consideration of the nature of Internal Audit's participation in EMAS, Internal Audit will concentrate on Council-wide strategic audit reviews.
- There is provision for other **compliance audits**, aimed at providing independent assurance on areas of regulatory or similar requirements.
- **Grant claims and other certification audits.** Internal Audit is regularly called upon to certify grant claims or other financial returns. Though external grant funding arrangements continue to change, it is important that Internal Audit is made aware of the need for certification audits of claims at as early a stage as possible. A significant component of this work has involved the independent verification of expenditure incurred under schemes administered by the Leicester & Leicestershire

# Internal Audit Plan 2015-16

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Enterprise Partnership (LLEP), for which the Council is the accountable body; this will continue at least in the first quarter of the year.

- Some provision is made for **value-for-money (VFM) and other responsive audits**. These seek either to identify the opportunity for savings and other efficiencies or to investigate matters of particular concern or emerging risk. In either case, the scope and objectives of each audit will be specifically agreed with senior management.
  - Finally, within the audit plan, there will be specific **follow-up audits** especially of activities where Internal Audit reviews have previously given low levels of assurance. Such activities will be re-tested in the anticipation that service management have properly addressed previous recommendations made and have thereby strengthened controls.
- 3.2. Though not part of Internal Audit or the audit plan, counter-fraud activity has been overhauled, particularly as fraud represents probably the worst possible value for money for the Council. The Corporate Investigations Team operates separately from Internal Audit but where feasible their work will be coordinated with any related Internal Audit work plus management's own responsibility for investigations.

## 4. The External Auditor

- 4.1. The external auditor's responsibilities under the National Audit Office<sup>7</sup> *Code of Audit Practice* include review of the Council's:
- financial statements (including the Annual Governance Statement), providing an opinion on the Council's accounts; and
  - use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources (the value for money conclusion).

A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

- 4.2. It is recognised that KPMG, as the Council's external auditor, may wish to carry out work that could overlap with planned Internal Audit work. There is a close working relationship between Internal Audit and the external auditor, with each making its work plans available to the other. In this way the risk of duplication of effort should be kept to a minimum.
- 4.3. Internal Audit procedures and test programmes are usually more detailed than those required by the external auditor to meet external audit objectives. Where appropriate, however, Internal Audit will conduct its work in such a way as to enable the external auditor to rely on work done by Internal Audit wherever possible. In particular, this will apply to testing work on the main financial systems such as payroll and creditor payments. Due allowance for this is made in the audit plan. With the above in mind, both audit services

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<sup>7</sup> From 1<sup>st</sup> April 2015, the National Audit Office is to take over some of the responsibilities of the Audit Commission including the *Code of Audit Practice* for external audit.

# Internal Audit Plan 2015-16

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operate within the terms of an agreed internal and external audit joint working protocol.

## 5. Conclusions

- 5.1. The Internal Audit Operational Plan for 2015-16 aims to give the Council optimum audit coverage within the resources available. Though it is compiled and presented as a plan of work, it must be recognised that the plan can only be a statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible. Actual audit work therefore may be modified during the year according to the circumstances prevailing and the resources available at the time.
- 5.2. The Head of Internal Audit & Risk Management, along with the whole Internal Audit team, are fully committed to delivering as high quality and responsive an Internal Audit service to the City Council as resources will allow. With this in mind, they will be seeking throughout the year to continue to develop the service in accordance with recognised best practice.

## 6. Approval

- 6.1. The Internal Audit Plan for 2015-16 was presented for approval to the Audit & Risk Committee at its meeting on 31<sup>st</sup> March 2015.



## Appendix A - Internal Audit Plan 2015-16

Lead Department	Audit Area	Reason for inclusion	Scope	Timing <sup>8</sup>
Finance (Corporate Resources)	<p>Significant Financial Systems, potentially including any or all of:</p> <ul style="list-style-type: none"> <li>• Financial reporting including areas such as reconciliation procedures, suspense accounts, journals, bank reconciliation</li> <li>• Debtors</li> <li>• Creditors</li> <li>• Cash</li> <li>• Payroll</li> <li>• Capital Additions and Disposals</li> <li>• Council tax</li> <li>• NNDR (business rates)</li> <li>• Housing rents</li> <li>• Any others as may be identified by KPMG.</li> </ul> <p>It may be that some of these will be covered on a cyclical basis by agreement with KPMG.</p> <p>Other financial systems as agreed.</p>	<p>Under an agreed joint working protocol, KPMG as the Council's external auditors will place reliance on Internal Audit's annual testing of key controls within these systems. It is partly through this reliance that the external audit fee will be reduced. If such reliance cannot be placed on Internal Audit's work, KPMG may undertake supplementary testing themselves and charge the Council an additional fee.</p> <p>Internal Audit's work on financial systems will not necessarily be confined to those considered 'significant' by the external auditor in terms of the Council's financial statements.</p>	<p>Specified key controls for each system, in the context of that system's contribution to the Council's published financial statements. Internal Audit may agree with the Director of Finance other areas of work according to the risks or priorities at the time.</p> <p>Internal Audit work on any or all of these systems may go beyond the required scope of the external audit work. The initial assumption is that the work will comprise walk-through testing to confirm the continued operation of processes and controls as understood or identify any material changes, supplemented by sample testing of transactions against the specified controls.</p> <p>The work on the significant financial systems is usually started in the fourth quarter of the financial year and completed in the first quarter of the following year. This is to ensure coverage of the whole of the year under review including any specified year-end processes.</p>	<p>Q4 start, for completion in Q1 following year after the financial year-end</p>

<sup>8</sup> This column gives a provisional indication where appropriate of the quarter of financial year 2015-16 in which the audit is intended to be started. The first quarter is denoted Q1, and so on. Such timings will be confirmed in the detailed quarterly audit plans throughout the year.

## Appendix A - Internal Audit Plan 2015-16

Lead Department	Audit Area	Reason for inclusion	Scope	Timing <sup>8</sup>
Information Services (Corporate Resources)	IT and information security audits	<p>All of the Council's business processes rely on information technology. In many areas there are significant information risks, chiefly associated with sensitive personal or commercial data. The quality of data held is also fundamental.</p> <p>In addition, there is an increasing need to share information with partner organisations; for example, in health and social care. It is essential that such data sharing is conducted properly.</p> <p>The aim is to protect the interests of all concerned including the Council and those about whom information is held.</p>	<p>A programme of audit reviews of the integrity, availability and security of IT infrastructure, hardware, software and data. These will include technical IT-based testing and scanning of security arrangements in operation. As well as data security, audit work will cover the quality and integrity of the data held.</p> <p>Specific audit coverage will include:</p> <ul style="list-style-type: none"> <li>• Concerto – Property IT system</li> <li>• LiquidLogic – Social Care IT system</li> <li>• Northgate - Housing IT system</li> <li>• Information governance and assurance</li> <li>• Penetration testing - specialist IT audit testing of security in new and enhanced IT systems in accordance with corporate policy.</li> <li>• IT General Controls: annual coverage in support of significant financial systems audits above. The timing will coincide with the financial systems audits, starting in fourth quarter and completed in the first quarter of the following year.</li> </ul>	<p>Whole year</p> <p style="text-align: right;">Q1</p> <p style="text-align: right;">Q1</p> <p style="text-align: right;">Q2 and Q3</p> <p style="text-align: right;">Q2</p> <p style="text-align: right;">Whole year</p> <p style="text-align: right;">Q4 (and Q1 following year)</p>
Corporate	Corporate Governance	Annual audit coverage of corporate governance arrangements with particular reference to the statutory requirement for the Annual Governance Statement (AGS).	Audit work will seek to give assurance on aspects of the Council's governance arrangements and the requirements of the Council's Local Code of Corporate Governance. It will include governance generally plus supporting processes including the management of risk, project assurance and performance management.	Q2 (AGS)

## Appendix A - Internal Audit Plan 2015-16

Lead Department	Audit Area	Reason for inclusion	Scope	Timing <sup>8</sup>
Adult Social Care, Health & Housing	Public Health	<p>As the Council's Public Health responsibilities develop further under the Health and Social Care Act 2012, it is essential that the associated governance and accountability arrangements are robust so as to protect the interests of all parties in this important area of public policy.</p> <p>There is a particular need for independent assurance on the arrangements in place for compliance with relevant national guidance.</p>	<p>Governance, budgetary control and contract procedures.</p> <p>IT and data governance, subject to prevailing risks and priorities.</p> <p>Reviews of compliance with National Institute for Health and Care Excellence (NICE) guidance.</p> <p>A total of 100 audit days in 2015-16 has been agreed with the Director of Public Health.</p>	Whole year
Finance (Corporate Resources)	Contracts and procurement (including commissioning and partnerships)	<p>Contracting and procurement are a major risk area, given the high turnover and diversity of contractual expenditure for both capital and revenue purposes and the reliance on third-party suppliers and partners. There is a clear need for probity and integrity in all such arrangements.</p> <p>Work continues to improve the Council's contract procurement and management processes, in conjunction with the updated Contract Procedure Rules.</p> <p>Finally, value for money in contracts is of ever-greater importance.</p>	<p>Audits covering the Council's corporate procurement and contracts processes. These will seek to identify whether due process has been followed and decisions have been properly made.</p> <p>There will be a further follow-up review of Property Services contract audit work to seek assurance that recommendations previously made have been acted upon. Other areas identified where audit assurance would be welcomed are contracts associated with Public Health, waste management and Building Schools for the Future.</p>	Whole year
Finance (Corporate Resources)	Cash audits and Establishments	<p>Routine audits of City Council establishments located away from the central administrative buildings, designed to provide assurance to Directors that cash and security arrangements are operating effectively. Though individually of low value, cumulatively significant sums of money are held in imprest accounts, cash floats and change floats, often in remotely managed establishments. The audits are intended to provide assurance that cash-handling and associated procedures and Finance Procedure Rules are being adhered to.</p> <p>Any such audits will be identified on the basis of risk.</p>	<p>The systems in place to control and manage cash and to process other financial transactions securely.</p> <p>Other related areas of risk such as the security of the premises and assets and the cash-in-transit arrangements</p> <p>The Audit &amp; Risk Committee have expressed concern over cash-handling arrangements.</p>	Whole year

## Appendix A - Internal Audit Plan 2015-16

Lead Department	Audit Area	Reason for inclusion	Scope	Timing <sup>8</sup>
Children's Services	Schools - General and Finance including <i>Keeping Your Balance</i> financial audits	<p>Schools are a high-profile activity managing large budgets in a highly devolved framework. It is recognised that schools need to have sound financial and governance arrangements and the requirement for internal audit of schools is built in to the Council's statutory Scheme for Financing Schools. The aim is to give independent assurance to the schools and the Council that the processes for financial management are operating effectively.</p> <p>Work in the first part of the year will concentrate on the Schools Financial Value Standard, SFVS. This is in furtherance of the annual assurance statement submitted by the Director of Finance on the Council's behalf to the Department for Education.</p> <p>However, the budget pressure on Internal Audit resources means that the level and extent of the mandatory audit of schools is under further review.</p>	<p>Review of SFVS returns submitted by schools and visits to a sample of schools in the summer term to review the accuracy of returns submitted.</p> <p>Audit visits to primary, secondary and special schools to review their financial processes and aspects of their governance arrangements. The audits will be based on the <i>Keeping Your Balance</i> best practice guidance, issued by Ofsted and the Audit Commission. In planning and undertaking this work, Internal Audit will also have regard to the outcomes of the schools' self-assessments against the Department for Education (DfE) Schools Financial Value Standard (SFVS).</p> <p>In addition, there may be some audit work on the school admissions process.</p> <p>Audits of the financial and governance arrangements in schools sufficient to fulfil the statutory responsibilities of the Director of Finance. Schools audit work beyond this will be delivered by way of optional traded audit services.</p>	<p>Term times Q1</p> <p>Term times from Q2</p>

## Appendix A - Internal Audit Plan 2015-16

Lead Department	Audit Area	Reason for inclusion	Scope	Timing <sup>8</sup>
City Development & Neighbourhoods	Environmental Audits	<p>The Eco-Management &amp; Audit Scheme (EMAS) with its associated audit process is a corporate objective, demonstrating the Council's commitment to sound environmental management practices.</p> <p>Planned EMAS audit work is set out in a three-year EMAS audit plan from 2014-15 to 2016-17, agreed by Carbon Board. This is therefore year 2 of the plan.</p> <p>Internal Audit work will concentrate on the overall EMAS system, the published environmental statement and thematic audits covering agreed areas of environmental risk; see 'Scope'. This will be supplemented by the site-based audit work (known as Level 3 audits) undertaken by the corporate Health &amp; Safety Team as part of their regular site inspections.</p> <p>The above is subject to further decisions to be made on the nature of Internal Audit's participation in EMAS.</p>	<p>Detailed involvement in the management assurance process supporting the Council's aim of maintaining EMAS accreditation. This includes a programme of audits at various levels, as follows:</p> <ul style="list-style-type: none"> <li>• Level 1 audit: Annual audit of the EMAS System.</li> <li>• Level 2 audits: Thematic Council-wide audits based on risk; covering sustainability of development, waste management, and sustainable procurement, derived partly from the Carbon Action Plan.</li> <li>• Level 4 audit: Review of the draft Environmental Statement, focusing on data quality and reliability.</li> </ul> <p>A total of 80 Internal Audit days has been committed to each year of the three-year EMAS audit programme commencing in 2014-15. This, however, is subject to further review.</p>	Whole year
City Development & Neighbourhoods (and possibly elsewhere)	Other operational risks - Compliance audit	Other areas of risk where independent assurance is sought on the Council's compliance with specific legal or regulatory requirements.	<p>To be determined but potential specific audits so far identified include:</p> <ul style="list-style-type: none"> <li>• Vehicle Operator's Licence - compliance with requirements</li> <li>• Property-related statutory compliance such as but not limited to water hygiene, asbestos, electrical safety – monitoring arrangements.</li> </ul> <p>These are subject to confirmation.</p> <p>Similar audits are intended under the remit of Public Health; see above.</p>	As required

## Appendix A - Internal Audit Plan 2015-16

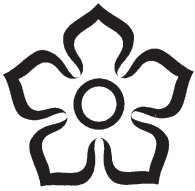
Lead Department	Audit Area	Reason for inclusion	Scope	Timing <sup>8</sup>
Various	Grant certification and expenditure verification	Various City Council services and their related expenditure are supported by grant or other external funding. There is often a requirement for independent Internal Audit certification that funds have been used in accordance with stipulated conditions.	The various grants and returns specified by the funding agencies or the external auditor, tested according to the grant certification instructions or other requirements. A number of these are associated with schemes funded by the Department for Transport (DfT).	As required
			The Department for Communities and Local Government (DCLG) interim financial framework for the Troubled Families Programme, administered by Children's Services, identifies the role of Internal Audit in verifying results achieved under the programme. Claims are submitted quarterly to DCLG and required audit verification work prior to submission.	Whole year as required
			The Leicester & Leicestershire Enterprise Partnership (LLEP), for which the City Council is the accountable body, makes payments to businesses from the Regional Growth Fund to support investment and job creation by those businesses. In 2014-15, the LLEP team commissioned Internal Audit to undertake independent verification of grant-funded expenditure by the businesses supported. This has proven to be a major exercise and will continue in the first quarter of 2015-16.	Q1
			In addition, a review of the assurance framework for the LLEP has been requested, to be undertaken towards the end of the financial year. This will review the governance arrangements in place between the LLEP and the City Council as its accountable body.	Q4

## Appendix A - Internal Audit Plan 2015-16

Lead Department	Audit Area	Reason for inclusion	Scope	Timing <sup>8</sup>
Various	Value For Money and Responsive Audits	The City Council is facing reduced budgets, and therefore there is a need to make savings wherever possible. Increasing efficiency and reducing wastage are more important than ever. Provision is made here for Internal Audit reviews where needed. In addition, Internal Audit may be called upon, sometimes at short notice, to undertake responsive non-fraud investigative work. By definition, specific areas cannot be identified at this stage.	Areas for review will be determined as required during the year according to urgent requirement or emerging risk. Specific terms of reference will be agreed for each. These audits may include sample spot-checks of expenditure and other transactions.	As required
Various	Follow-up Audits	There is a need to ensure that service management verifiably and sustainably implements agreed recommendations so that the organisation learns from its experience and addresses identified weaknesses in control. Both the Audit & Risk Committee and senior management have asked that Internal Audit revisit areas after reasonable time to implement recommendations has elapsed. In particular, Internal Audit has been asked for updated assurance opinions on those audits for which 'little or no assurance' had been given.	Some of these are included in other rows above so are not repeated here.	Whole year







Leicester  
City Council

## FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

31<sup>st</sup> March 2015

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### Internal Audit – 1<sup>st</sup> Quarter Operational Plan 2015-16

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#### Report of the Director of Finance

##### 1. Purpose of Report

1.1. Finance Procedure Rule 7.2.1 states that:

*‘The Head of Audit shall prepare and agree with the Chief Finance Officer an Annual Audit Operational Plan which will set out the intended work of Internal Audit over the coming year. The plan shall be based on an objective assessment of need arising from an analysis of risk and shall be approved, but not directed, by the Audit Committee.’ (sic)*

1.2. The Internal Audit Plan for 2015-16 has been prepared on the basis of broad areas of audit coverage rather than detailed lists of specific audits. It was considered by the Corporate Management Board and was approved by the Audit & Risk Committee on 24<sup>th</sup> March 2014.

1.3. In addition, the terms of reference of the Audit & Risk Committee include:

*‘To consider, challenge and approve (but not direct) Internal Audit’s strategy and plan and monitor performance on an annual basis.’*

1.4. This report presents to the Committee the detailed operational audit plan for the first quarter of the financial year 2015-16. It has been agreed by the Corporate Management Board and the Finance Management Team.

##### 2. Recommendations

2.1. The Audit & Risk Committee is asked to note the Internal Audit operational plan for the first quarter of 2015-16, attached at Appendix A.

##### 3. Report

3.1. Rather than presenting a detailed list of specific audits, the annual audit plan is grouped into areas of audit. The intention is that, given the continuing uncertainties the Council currently faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining a sufficiency of audit coverage for each of the relevant areas.

- 3.2. The generic annual plan is then translated into detailed quarterly plans as the year progresses, setting out Internal Audit's intended work for each forthcoming quarter. These plans take into account emerging risks and requests for audit involvement alongside seasonal or other external factors that influence the timing of audit work. For example, school audits fall within the school terms and are chiefly planned to coincide with the new academic year, while other audits such as grant certifications are determined by the submission deadlines of the relevant funding agency.
- 3.3. The detailed operational plan for the first quarter of 2015-16 is attached at Appendix A. The following are worthy of note:
- a) **Significant financial systems.** The annual coverage of the Council's main financial systems continues. These audits take as their starting point the key controls identified in connection with the joint working protocol agreed with the Council's external auditors, KPMG. The intention is to conduct the audits in such a way that, should they wish to, KPMG can place reliance on this work when they undertake their opinion audit on the financial statements for 2014-15. The intention in the first quarter is to complete audit work on transactions made in 2014-15 so as to provide complete coverage of the entire financial year.
  - b) **IT audit** will support the significant financial systems work outlined above by means of the regular review of the essential general controls in the related IT applications. Again, this is with a view to reliance being placed upon our work by KPMG. The other IT audits will assess the security arrangements in place on major new IT systems. These tests supplement other audit coverage of these systems as they have developed.
  - c) **Schools** audit work will concentrate on the Schools Financial Value Standard, SFVS, with review of returns submitted by schools and visits to a sample of schools in the summer term to review the accuracy of returns submitted. This is in furtherance of the annual assurance statement submitted by the Director of Finance on the Council's behalf to the Department for Education.
  - d) **Grant certification audits**, to provide audit certificates in line with the requirements of the relevant funding agencies. The **Troubled Families Programme** is a particular requirement, starting in the first quarter and expected to continue each quarter throughout the year.
  - e) Similarly, there is a further tranche of **Regional Growth Fund** grant payment verifications on behalf of the LLEP. This is a continuation of work started in 2014-15.
  - f) Finally, continuing provision is made for **follow-up** of previous audit recommendations to provide independent confirmation that corrective actions have been demonstrably made to address identified weaknesses in controls.
- 3.4. It should be borne in mind that the quarterly plans refer to audits due to be started. Inevitably, they are not all completed within the quarter so there will be residual work to complete audits started in previous quarters.

- 3.5. In identifying the audits for the first quarter plan, due regard was had to the generic areas of audit set out in the annual audit plan and the need to ensure sufficient coverage of each by the end of the financial year.
- 3.6. The move to quarterly planning is intended to align Internal Audit's work as closely as possible to current priorities. This allows what were previously 'commissioned' audits that fall within the remit of the statutory audit service to become fully part of the audit plan. The aim is then for Internal Audit to deliver the whole of this more flexible plan, subject to factors beyond Internal Audit's direct control. Having said that, urgent requirements may still arise that cannot wait until the next quarterly plan and have to be accommodated immediately on the basis of risk to the Council.
- 3.7. The process of using a generic annual audit plan supplemented by quarterly detailed audit plans started in 2013-14 and has worked well. Future audit plans will therefore be prepared showing the specific audits that are planned to be carried out in the forthcoming quarter. These will be supplemented by progress reporting on the completion of the previous plans. Because the agendas for the respective meetings are already busy it is proposed that this be done by means of half-yearly update reports to senior management and the Audit & Risk Committee.

#### **4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

##### **4.1. Financial Implications**

There are no direct financial implications arising from this report. However, as a result of the work carried out there would be an expectation that implementing recommendations made by Internal Audit will improve the effectiveness, efficiency and economy of service delivery, with potential for consequential reductions in cost or improvements in quality.

*Colin Sharpe, Head of Finance, x37 4081*

##### **4.2. Legal Implications**

The provision of 'an adequate and effective internal audit' is a statutory requirement under regulation 6 of the Accounts & Audit (England) Regulations 2011. The whole audit process is also intended to give assurance that all the activities audited have in place satisfactory arrangements to ensure compliance with relevant law and regulation applicable within the scope of the particular audit review.

*Kamal Adatia, City Barrister & Head of Standards, x37 1401*

##### **4.3. Climate Change Implications**

As no EMAS environmental audits are planned to start in the first quarter, this report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

*Louise Buckley, Graduate Project Officer, Climate Change, x37 2293*

## 5. Other Implications

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	Whole report and particularly 3.3(b) IT audit. Part of the purpose of Internal Audit is to give assurance on the controls in place to prevent fraud and other irregularity such as breach of data security.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Internal Audit process, a main purpose of which is to give assurance to Directors and the Audit & Risk Committee that risks are being managed appropriately by the business.

## 6. Background Papers – Local Government Act 1972

6.1. Files held by Internal Audit.

## 7. Consultations

7.1. All Directors, Heads of Finance and the Head of Information Assurance have been consulted in the preparation of the audit plan. Discussions have also taken place with the external auditors, KPMG, and their comments taken into account.

## 8. Report Author

8.1. Steve Jones, Audit Manager, Internal Audit, Financial Services, x37 1622 (0116 454 1622). [Steve.jones@leicester.gov.uk](mailto:Steve.jones@leicester.gov.uk)

Set out below are the individual audits expected to be started in the first quarter of 2015-16.

This is subject to:

- Client or process availability and readiness for audit
- Internal Audit resources
- Urgent commissioned work.

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
Significant Financial Systems	Corporate Resources (Financial Services)	Significant financial systems	75 (total)	<p>Annual review of key financial controls as identified in the <i>Internal and External Audit Joint Protocol</i> agreed with KPMG, the external auditor.</p> <p>This will include the main ledger system and interfaces with significant financial feeder systems.</p> <p>It is expected to cover, among other things: journals, bank reconciliations, suspense accounts and feeder account reconciliations as well as essential controls in main systems such as debtors, creditors and payroll.</p>	<p>This is a continuation of work started in the final quarter of 2014-15, so as to ensure coverage of the whole of the 2014-15 financial year. It will be done in anticipation that KPMG may in due course seek to place reliance on it in their external audit of the Council's financial statements.</p> <p>The high block allocation of days under this heading derives from the range of systems potentially covered; it will be made up of various smaller items. The actual total amount may vary depending on requirements and availability of information. The total includes time allocated for the final quarter of 2014-15.</p>

111

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
IT General Controls	Corporate Resources (Information Services)	IT Audit	20	Access controls and user management for the IT applications supporting the significant financial systems. This audit will chiefly consist of regularity-type audit testing to confirm that controls continue to operate soundly.	Annual coverage in support of significant financial systems audits. This work may be reviewed by KPMG in connection with their external audit work.
Concerto (Property and Asset Management System) - interfaces - access controls	City Development & Neighbourhoods (Property)	IT Audit	10	Concerto is the replacement system for PAMIS (the property and asset management system). Assurance to management that the system interfaces are operating soundly.	These audits follow previous audit work on data migration from PAMIS to Concerto.
			10	Review of the logical access controls for Concerto.	
Liquid Logic (CareFirst replacement) - security	Corporate Resources (Information Services)	IT Audit	10	IT security review of the new IT system replacing the CareFirst system used in Social Care.	This audit supplements a previously planned data migration audit that was deferred at the request of the client.
Schools Audit Annual Report for 2014-15	Children's Services (Learning Services)	Schools	5	Review of 2014-15 schools audit findings, including a summary paper for publication on the Schools' Extranet.	Part of the purpose of this report is to present the trends arising from schools audit work in the past year so as to help Children's Services and schools address the more frequently occurring issues and thereby strengthen the financial management controls in place.

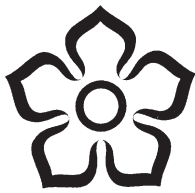
112

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
Schools Financial Value Standard (SFVS) spot checks	Children's Services (Learning Services)	Schools	10	Visits to a sample of schools to verify the quality and accuracy of the responses in their SFVS self-assessments, and to ensure that all actions agreed in the previous year's self-assessment have been addressed. Visits may also be made to schools that do not submit an SFVS self-assessment where required.	These audits are intended to inform the annual statement on SFVS submitted by the Director of Finance to the Department for Education for the financial year ended 31 <sup>st</sup> March 2015.
Troubled Families Programme	Children's Services (Children, Young People and Families)	Grant certifications	To be identified	The DCLG financial framework for the Troubled Families Programme identifies the role of Internal Audit in verifying the results achieved through the scheme. This is to be done by reference to the Council's Troubled Family Outcomes Plan. The claims are submitted quarterly and require audit work prior to submission. However, audit work in the first quarter of 2015-16 will concentrate on the results achieved in financial year 2014-15.	
Public Health – compliance with NICE Guidance	Adult Social Care, Health & Housing (Public Health)	Public Health	To be identified	Reviews of compliance with National Institute for Health and Care Excellence (NICE) guidance. There are a number of these and the specific scope of each is to be determined with the Director of Public Health.	This is the commencement of a programme of audits to be undertaken during 2015-16.

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
LLEP Regional Growth Fund payments (RGF3 and RGF4)	City Development & Neighbourhoods (LLEP)	Grant certification audit	To be identified	<p>The Leicester &amp; Leicestershire Enterprise Partnership (LLEP), for which the City Council is the accountable body, makes payments to businesses from the Regional Growth Fund to support investment and job creation by those businesses.</p> <p>The LLEP team have requested Internal Audit support in the independent verification of grant-funded expenditure by the businesses supported.</p> <p>In addition, certification will be required for the Local Growth Fund capital grant claim for 2014-15.</p>	<p>This is a continuation of a major programme of work that started in quarter 3 in 2014-15.</p> <p>The days needed for this work depend upon the volume of work involved, which is not yet known at the time of writing as it will be undertaken on a case-by-case basis. It is significant, however, in view of the number of cases and the deadlines imposed by the DCLG.</p>
Follow-up audits	Various	Follow-up audits	15	Evidence-based follow-up of past audit recommendations to assess progress made in implementation.	Audit recommendations are agreed with service management in order to strengthen the controls in operation to protect the Council's interests. This work is intended to ensure that agreed actions are demonstrably put into effect.
		TOTAL	155 plus those to be identified		

114





Leicester  
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WARDS AFFECTED  
All

# Appendix J

## FORWARD TIMETABLE OF CONSULTATION AND MEETING

Audit and Risk Committee

31 March 2015

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### Proposed Schedule of Meetings for the Financial Year 2015-16

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#### Report of the Director of Finance

##### 1. Purpose of Report

- 1.1. To present to the Committee a proposed schedule of meetings and suggested agendas for the Financial Year 2015-16.

##### 2. Recommendations (or OPTIONS)

- 2.1. The Committee is recommended to:-
  - Note and accept the proposed plan content – Appendix 1; and,
  - Raise any issues or questions with the report author or the Director of Finance.

##### 3. Summary

- 3.1. The meetings of the Committee have traditionally been scheduled based on historic occurrence, with each meeting agenda following the same pattern. For the first time last year the Committee were presented with a plan for the following year in its last meeting of the current financial year. This allowed the established members to agree on the forward format of meetings – both timing and agendas – based on their experience throughout the past year.
- 3.2. This is now the second such report for the Committee meetings for the Financial Year 2015/16.

##### 4. Report

- 4.1. For many years the Audit and Risk Committee meetings have been scheduled to take place around the same time each year based on past occurrence. Similarly, the agenda for these meetings has followed the same pattern.

- 4.2. By changing this approach, members have the opportunity to feed in their thoughts and comments relating to both the timing (and number) of meetings as well as the agenda content. By trying to bring to as many meetings as possible, papers that are similar in nature or content to the same meeting, it is hoped that this will make life a little easier for members to understand and digest their content. This means that, wherever possible, all of the papers and reports aligned to Fraud Prevention activity will come to the same meeting(s) for example.
- 4.3. This approach also makes it easier to schedule the 'training' or 'briefing' session at the start of each meeting to assist members with their understanding of the papers that they will later be reviewing and discussing. Wherever possible, the pre-meeting training session will cover a topic that will appear on that meetings agenda.
- 4.4. The timing of this report is also important to ensure that existing Committee members, who will have 'served' at least a year on the Committee, are making these decisions rather than bringing the report to the first meeting of the new financial year when there may be a number of new members with limited knowledge of the Committee and its aims and objectives.
- 4.5. The proposed plan is attached as Appendix 1. If members are comfortable with the proposal this may be agreed at this meeting. If there are many changes and suggestions, these can be taken away and a revised, final version will be brought back to the first meeting of the new financial year.

## **5. FINANCIAL AND LEGAL IMPLICATIONS**

### **5.1. Financial Implications**

- 5.1.1 There are no financial implications of note relating to this paper.  
Colin Sharpe, Head of Finance – 37 4081.

### **5.2. Legal Implications**

- 5.2.1 There are no legal implications of note relating to this paper.  
Kamal Adatia, City Barrister and Head of Standards – 37 1401.

**6. Other Implications**

<b>OTHER IMPLICATIONS</b>	<b>YES/ NO</b>	<b>Paragraph/References Within Supporting information</b>
Risk Management	Yes	All of the paper.
Climate Change	No	
Equal Opportunities	No	
Policy	Yes	All of the paper.
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

**7. Report Author**

7.1. Tony Edeson, Head of Internal Audit and Risk Management – 37 1621



**AUDIT & RISK COMMITTEE 2015-16 - ANNUAL TIMETABLE (OUTLINE) This version 25/02/15**

Grey shaded = meeting passed			
	Author	Notes, frequency	Purpose
<b>June (say between 23/6/15 and 02/07/15) - as soon as possible after membership is known</b> <b>Theme: Setting the scene for the forthcoming year</b>			
Training Session Prior to Main Meeting: What Makes an Effective Audit and Risk Committee	Head of Internal Audit and Risk Management		Training
Report on the banking Transition/Change	Principal Accountant	One - Off	Committee to Note
Annual Audit Fees Letter setting out the proposed Audit Work and draft fee for the 2015/16 Financial Year	External Auditors	Annual	Committee to Note
Annual Approval of the Policy covering non-audit Work undertaken by the External Auditors	Head of Internal Audit & Risk Mgt	Annual	Approval
Confirmation of A&RC Planned Agendas for 2015/16	Head of Internal Audit & Risk Mgt	Annual	Committee to note
Risk Management and Insurance Services - Update report including April RRs	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Internal Audit Update Report for Q4 2014/15	Head of Internal Audit & Risk Mgt Audit Manager	Quarterly	Committee to note
Internal Audit Plan Q2 2015/16	Head of Internal Audit & Risk Mgt Audit Manager	Quarterly	Committee to note
<b>Late July/Early August (say between 28/7/15 and 13/8/15 )</b> <b>Theme: The Council's draft accounts and reporting back on the last financial year</b>			
Training Session Prior to Main Meeting: The Council's Statutory Statement of Accounts	Principal Accountant		Training
Update on RIPA Stats and Performance Report covering period 1 January 2015 to 30 June 2015	Information Governance Manager	Annual	Committee to note
Counter-Fraud/Housing and Council Tax Fraud Annual Report for the Financial Year 2014-15	Principal Investigations Officer Head of Revenues & Benefits	Annual	Committee to note
Draft Statutory Statement of Accounts for the financial year 2014-15	Director of Finance	Annual	Committee to note

119

**AUDIT & RISK COMMITTEE 2015-16 - ANNUAL TIMETABLE (OUTLINE) This version 25/02/15**

Grey shaded = meeting passed			
Review of the Effectiveness of System of Internal Audit in 2014-15	Director of Finance	Annual	Approval
PSIAS Quality Assurance and Improvement Plan	Director of Finance	One - Off, but potentially tri-Annual	Committee to note
Annual Review of Internal Audit Charter	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval

**September (as late as possible - 23, 24, 25, 28 or 29/9/15)  
Theme: Statutory final accounts and governance reporting on the last financial year**

Anti-Fraud, Bribery & Corruption Strategy and Policy - annual review and update.	Head of Revenues & Benefits	Annual	Approve
Auditor's Report - including audit opinion on the Financial Statements and VFM conclusion	External Auditor	Annual	Note
Annual Governance Report - ' <i>Report to Those Charged with Governance</i> ' (External Auditor)	External Auditor	Annual	Approval
The Council's Draft Annual Governance Statement for the financial year 2014-15	Monitoring Officer Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval
The Statement of Accounts, Annual Governance Report and Letter of Representation	Director of Finance Principal Accountant (Fin Strategy)	Annual	Approval
Draft of the Committee's Annual Report to Council for the financial year 2014-15	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval
Internal Audit Annual Report and Opinion for the financial year 2014-15	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Committee to note
Annual Review of Internal Audit Strategy	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval
Risk Management and Insurance Services - update report, including: - July Risk Register update - Draft Risk Management Strategy 2016 - for Committee comment - Draft Business Continuity Management Strategy and Policy 2016 - Committee comment	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note

120

**AUDIT & RISK COMMITTEE 2015-16 - ANNUAL TIMETABLE (OUTLINE) This version 25/02/15**

Grey shaded = meeting passed

<b>November/December(??/11/15 or ??/12/15)</b> <b>Theme: Audit, Risk and Fraud</b>			
Training session prior to main meeting: Update on DCLG Fraud Funding work .	Head of Revenues & Benefits		Training
Half Yearly Update Report on the Procurement Plan	Head of Corporate Procurement	Annual	Committee to note
Annual Review of Internal Audit Strategy	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval
External Auditor's Annual Audit Letter 2014-15 summarising results of the audit for 2014/15	External Auditor	Annual	Committee to note
Counter-Fraud/Housing and Council Tax Fraud - half-yearly update report for the period 1 April 2015 to 30 September 2015	Head of Revenues & Benefits	Half-yearly	Committee to note - B Agenda?
Internal Audit Update Report Q1 and Q2 2015-16	Head of Internal Audit & Risk Mgt Audit Manager	Quarterly	Committee to note
Internal Audit - Plan Q3 and Q4 2015-16	Head of Internal Audit & Risk Mgt Audit Manager	Quarterly	Committee to note
Risk Management and Insurance Services - update report, including: - October Risk Register update - Risk Management benchmarking results update report	Head of Internal Audit & Risk Mgt	Annual	Committee to note
<b>Early to Mid - February (??/2/16)</b> <b>Theme: Fraud including Policy updates for next year and Internal Audit planning</b>			
Training session prior to main meeting: Public Health Update .	Director of Public Health		Training
Update of the Council's Finance Procedure Rules	Principal Accountant	One-Off	Committee to Note
Procurement Plan 2016-17	Head of Corporate Procurement	Annual	Committee to note
Update on RIPA Stats and Performance Report covering period 1 July 2015 to 31 December 2015	Information Governance Manager	Annual	Committee to note
Annual Report on the National Fraud Initiative	Head of Revenues & Benefits Fraud Manager	Annual	Committee to note

121

**AUDIT & RISK COMMITTEE 2015-16 - ANNUAL TIMETABLE (OUTLINE) This version 25/02/15**

Grey shaded = meeting passed			
DCLG Fraud Award - Update (requested at February 2015 meeting)	Fraud Manager	One-Off	Committee to Note
Risk Management and Insurance Services Update report including - RM and BCM Strategy and Policy 2016; January Risk Registers (subject to timing)	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Internal Audit Draft Annual Generic plan for 2016-17	Audit Manager	Annual	Consultation Committee to note

**March (As late as possible say between 16/3/16 and 30/3/16)  
Theme: Wrap-up and next year's governance and assurance framework**

Annual Report - Certification of Claims and Returns (Grants)	External Auditor	Annual	Committee to note
External Audit plan for financial year 2015-16	External Auditor	Annual	Committee to note
The Assurance Framework on which we will base the Annual Governance Statement for the current financial year, including annual review of Local Code of Corporate Governance and the annual review of the-Committee's Terms of Reference	Head of Internal Audit & Risk Mgt Audit Manager City Barrister (Monitoring Officer)	Annual	Approval
Internal Audit Generic Plan 2016-17 - final for approval - including Q1 2016-17 Specific Plan	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval
2016-17 A&RC Planned Agendas and Meeting Dates - draft	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Committee to note and comment
Risk Management and Insurance Services - update report inc January Risk Registers (if timing allows this to go to February meeting, this will not go in March)	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
<b>Future Meetings</b>			
Whistleblowing Policy Review _ Feb 2017 (as agreed in Feb 2015)	City Barrister and Head of Standards	Bi - Annual	Committee to note

122





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WARDS AFFECTED: ALL

# Appendix K

**Audit and Risk Committee**

**31 March 2015**

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## **Risk Management and Insurance Services Update Report**

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### **Report of the Director of Finance**

#### **1. Purpose of Report**

To provide the Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

#### **2. Summary**

The Committee has agreed a reporting schedule to keep it informed of:-

- Risk management activity within the Council;
- Information about the work of the Council's Risk Management and Insurance Services (RMIS) team; and,
- Information about other on-going initiatives in the Council to control risks it faces in the delivery of its services.

#### **3. Recommendations**

The Committee is recommended to:

- 3.1 Receive the Report and note its contents.
- 3.2 Make any recommendations or comments it sees fit either to the Executive or Director of Finance.

#### **4. Report**

4.1 The Risk Management and Insurance Services team have responsibility for three critical functions:

- Risk Management Support and Advice;
- Insurance; and
- Business Continuity Support and Advice.

- 4.2 This report provides an update, in the previously agreed format, on work carried out by the RMIS team since the last meeting, reporting to you progress made against their objectives. It assures you, where possible, that risks within the business continue to be managed effectively.

#### 4.2.1 Risk Management Support and Advice

The Council maintains a Strategic Risk Register and an Operational Risk Register. These registers contain the most significant unmitigated risks which the Council is managing and they are owned by Strategic and Divisional Directors respectively. Whilst there are other key risks, in the view of Directors, these are sufficiently mitigated for them not to appear in these registers.

The Risk Registers as at the 31 January are presented here – Strategic Risk Register – Appendix 1 and Operational Risk Register – Appendix 2. The submission of the Divisional risk registers to RMIS was, once again, 100%, with a total of 42 changes across the 15 Divisional registers. There are no changes of note from either register to bring to the Committee's attention.

The 2015 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business on 29 October 2014. The training sessions (an annual programme of events running since January 2011) continue to be supported by the business areas, with any falling attendances being brought to the attention of the Strategic and Divisional Directors by the Head of Internal Audit and Risk Management. The Directors have, and continue to, fully support the work of the team.

Following a letter from the Coroner following an inquest, in which there was a request to refresh our risk management processes with staff in Housing, the Division have responded positively and five half day training sessions covering 175 operatives have been arranged.

#### 4.2.2 Insurance and Claims

A summary report of claims against the Council received in the period 1 April 2014 to 31 January 2015 is attached - Appendix 3. The appendix shows both successful and repudiated claims, breaking these down into business areas and type of claim i.e. slips and trips, potholes etc. Members should remember that one claim may be reported in more than one policy category – for example a Motor claim may also have a Personal Injury or Public Liability claim too, and that for new claims a value may not have been applied whilst initial investigations conclude.

The figures in brackets represent claims in those areas in the same period last year. The year on year figures continue to fall (year on year down 15%) and show the benefits of handling these claims in-house as fewer are being paid and those that are paid are being settled, on the whole, at lower levels and much quicker – hence avoiding inflated Legal fees.

Since the last report to the Committee, the Council has had two cases go to Court. Both cases found in our favour and allowed return to reserves of £45,000 and £26,500 respectively.

Loss Reduction Fund – In the period 1 April 2014 to 31 January 2015 RMIS received 47 bids for assistance from the fund for a total of £346,088.58. Of these bids, 22 applications were approved and the fund provided an amount of £168,206.47 to business areas. In addition, there are 7 bids for a total of £50,952.54 currently held awaiting further information.

#### **4.2.3 Business Continuity/Emergency Planning updates**

Since the last update report for the Committee there have been two significant events affecting the Council, although neither required formal intervention by the Corporate Business Continuity team.

On the 21 January the Customer Service Centre suffered a power loss. The cause was in the external supply and, after speaking to Western Power to prioritise their response, we were fortunate that the power was restored around 9.27 am, just before the opening time of 9.30 – so no loss of service resulted.

Members will be aware that the final stage of the demolition of New Walk Centre took place on the 22 February. The Control Room was open in City Hall and was managed by the Resilience Manager and the Head of Internal Audit and Risk Management. Relevant staff from other areas of the Council provided cover in the event that things had not run to plan. We decided, on the grounds of Health and Safety, to leave Phoenix House closed on the Monday morning as there were concerns that their fire exit route would be unsafe. This was all resolved on the Monday and the building resumed normal service provision on Tuesday. There was no loss of service on the Monday, as all services operating within the 'exclusion zone' had been contacted by the Head of Internal Audit and Risk Management the week before to ensure they had resilience and recovery plans in place. These worked reasonably well, all be it with a few, minor lessons to be learned.

#### **4.2.4 Key Risk Issues arising within the Business**

The key significant risk issues arising within the business remain as reported to the last meeting of this Committee. Those surrounding the trade unions' potential for, and actual, industrial action across areas of the public sector remain and the risk of bad weather causing disruption to service delivery.

The two main teaching unions (NUT and NASUWT) had agreed 'action short of strike action' on 3 October 2012. NUT members took strike action on 26 March and both Unions held a further strike (with much of the rest of the Public Sector) on the 10 July. Although the 'action short of a strike' continues, the threatened full strike before Christmas did not materialise.

The Fire Brigades Union have held a series of strikes and 'actions short of a strike' since September 2013. These have been a mixture of discontinuous actions and full strike action. The latest phase was an increase in 'stoppage of service' time when strike action was planned to run from 7am on 25 February to 7am on the 26 February. The Council's Emergency Management and Business Continuity teams continue to brief all relevant areas of the business and there have been no significant matters arising during the stoppages. The Head of Internal Audit and Risk Management continues to provide Directors and Heads of Service with updates from the Local Resilience Forum/Fire Service as they are received.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Leicestershire Multi-Agency Business Continuity Group (the Leicester and Leicestershire regional business continuity network group) where the risks for group members arising from any strike action, and the group member's response to deal with these incidents, are reviewed. He shall, again, co-ordinate the Council's response with the support of the Chief Operating Officer.

Critical areas considered most at risk of disruption remain – schools – because of the impact on LRF partners and their staff if they fail to open; highways – emergency repairs and response to adverse weather conditions; and, housing – emergency repairs and maintenance.

#### **4.2.5 Horizon Scanning – events in other Public Sector agencies and the Private sector that may impact upon the Council.**

On the 4 February the department for Communities and Local Government issued the 'Report of the inspection Rotherham metropolitan borough council by Louise Casey CB'. The report was laid in Parliament on 4 February 2015, and announced by the Secretary of State in an oral statement to Parliament. In September 2014 when the report was commissioned by the

Secretary of State for Communities and Local Government, a verbal report was given to this Committee on how Leicester City Council were managing this type of risk – the sexual exploitation of children and young persons. The RMIS team are now reviewing the report's findings and recommendations with our children's safeguarding teams to ensure that there is nothing coming from the report that is not reflected in their procedures.

Staying with Education and Children's Services, members will be aware of the changes to the portfolio holders at both Strategic and Executive level following the recent Ofsted visit. The formal report is still to be issued and RMIS will also look at the findings and recommendations with the Divisional teams, to ensure all risks are mitigated and managed appropriately.

A report published by the Department for Innovation and Skills on the 24 February 'named and shamed' a further 70 employers that failed to pay their staff the National Minimum Wage. This brought the overall total named by the Department to 162 since the new naming regime came into force in October 2013. The Committee will be aware that the Council recently became an 'Accredited Living Wage Employer'.

The Public Accounts Committee stated in Parliament on the 25 February that there had been 'very little progress' on the Universal Credit Scheme. They said that fewer than 18,000 were claiming the benefit by October 2014, despite predictions that 7M people would be claiming by 2019. The Committee may be aware that Universal Credit will begin to be rolled out in Leicester from January 2016.

The Head of Internal Audit and Risk Management will continue to send to and/or discuss with relevant managers and directors any issues and the potential impacts they may have on the Council.

## **5. Financial, Legal Implications**

There are no direct financial or additional legal implications arising from this report. These implications will rest within (and be reported by) the business areas that have day-to-day responsibility for managing their risk.

## 6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Risk Management	Yes	All of the paper.

## 7. Report Author/Officer to contact:

Tony Edeson, Head of Internal Audit and Risk Management, Financial Services - Ext 37 1621

18 March 2015

## Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31st January 2015

RISK  <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT:  <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS  <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING MEASURES			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER ACTIONS/CONTROLS REQUIRED			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<p><b>1. FINANCIAL CHALLENGES</b></p> <p>The Council fails to respond adequately to the cuts in public sector funding over the coming 2 - 3 years.</p>	<ul style="list-style-type: none"> <li>- Council is placed in severe financial crisis by not delivering the required budget savings for 2014/15 onwards.</li> <li>- Reputational damage to the Council.</li> <li>- Potential to destabilise the Council and difficult industrial relations.</li> <li>- Mismatch between service demand and budget availability may lead to an increase in financial instability in some instances.</li> <li>- Pressure may be created between 'demand led services' (social care) and other priorities.</li> <li>- Reduction in services, budgets etc may impact on the health and wellbeing of the City.</li> </ul>	<ul style="list-style-type: none"> <li>- Budget approved to 2014/15, and balanced on paper to 15/16.</li> <li>- Work commenced on spending review programme which takes into account the Government's spending intentions as at March 2014.</li> <li>- The first spending review has now concluded. Corporate Management Team and Executive monitoring closely implementation of the existing agreed savings. Capital Advisory Board to review profile and management of capital programme to minimise slippage and overspending</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li>- Continued development of savings proposals for future years beyond the three year strategy, reflecting the Council's strategic service priorities and on-going modelling of the Council's potential future income and cost streams, recognising the significant reviews of Local Government funding and service delivery responsibilities at national level.</li> <li>- Continuation of the spending review initiatives and delivery of the programme.</li> <li>- Consideration and forward planning for the long term savings strategy for 2018/19. Appropriate change management/ project management arrangements to be put in place for major review areas</li> </ul>	5	2	10		<p><b>Andy Keeling</b> <b>Alison Greenhill</b></p>	31/3/2015 and On-going

## Appendix 1 - LCC Strategic Risk Register

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<p><b>2. STAKEHOLDER ENGAGEMENT</b> The Council fails to further develop and improve the way it works with its stakeholders (partners, neighbouring Councils, NHS etc.). Key partners and stakeholders fail to support the council in delivery of its strategy as a result of tensions and strained relationships due to financial and other pressures. Council fails to identify tensions arising in the city (particularly as the financial challenges impact on communities) leading to unrest in specific communities/areas of the city.</p>	<p>- Failure of local agreements and stakeholder arrangements to deliver agreed levels of performance, the impacts of which may reflect negatively on the Council adversely affecting its reputation. - Potential litigation where it impacts on formal contractual relationships. - Financial risk if Integration Transformation Fund plans are inadequate or not agreed. - Partnership working will be an expensive bureaucracy and fail to add value to improving outcomes for the citizens of Leicester. - Reputational damage to the Council/City from the perspective of stakeholders. - Partnership working fails to take into account the needs of all communities.</p>	<p>- Mechanisms in place for regular dialogue including formal partnerships e.g. Health and Wellbeing Board. - City Mayor Faith and Community Forum in place to engage specifically with faith and non-faith communities. - New arrangements for support to the Voluntary Community Sector (VCS) have been commissioned and contracts are being put in place. Work continuing to review commissioning of support for engagement of key communities via the VCS - Partnership working arrangements in the city were further reviewed following the election of the City Mayor and adoption of new governance arrangements. - Cllr Sood has partnership working within her portfolio.</p>	4	3	12	<p>- Close involvement of City Mayor and Members in key partnerships. - Regular review and evaluation of the current position by Corporate Management Team. - Complete VCS commissioning process - Keep arrangements under review. - Continue to develop and embed the approach to working strategically with the VCS. - Develop stakeholder communications/engagement plan of all critical and large partners to ensure that these relationships are given full consideration and priority, where needed. - Need to fully embed CMT within the Council.</p>	4	2	8		<p><b>Miranda Cannon / All Strategic Directors</b></p>	<p>31/03/15 and ongoing</p>





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<b>3. BUSINESS/SERVICE CONTINUITY MANAGEMENT</b> Unforeseen unpredictable events such as flood, power/utility failure etc. could impact on the councils assets, communication channels or resources etc.	- Insufficiently prepared management leads to disorder in the rapid restoration of business critical activities and the control of the emergency plan. - The emerging risk environment increasingly makes 'resilience' a significant focus for all organisations. - Budget cuts and rationalisation may also challenge the ability of Category 1 responders (which LCC are) to fulfil their statutory duty. - Resource restraints means that there is limited staff to perform manual operations at the volume required in a event/incident. - Council is unable to communicate to stakeholders/deliver its services.	- All the Senior Management Team have roles in either the Corporate Business Continuity Management Team (CBCT) or are Emergency Controllers. -Head of Internal Audit and Risk Management Chairs the Multi-Agency Business Continuity Group -CBCT have formal refresher meetings three times a year - Training offered corporately - Directors involvement in CBCT Meetings held 3 times a year. - Risk Management and Insurance Services/Emergency Management Team provide updates and lessons learnt on incidents to CBCT/Audit & Risk Committee as appropriate - Self cert annually by Directors - Corporate Business Continuity Plan (BCP) which is reviewed annually but also updated as and when changes occur which should be reflected in the plan - Business Continuity Secure Site (web based) holds BCP and all Business Critical Activities BCPs and is securely accessed by members of the CBCT	4	3	12	- Further embedding of business continuity management approach. - Further completion of Business Continuity tests. - Completion of all Service Business Continuity Plans. - Further communication/training and awareness for staff on continuity arrangements. - Annual review of Critical Service Business Continuity Plans initiated by Risk Management and Insurance Services	4	2	8		Andy Keeling	31/3/2015 and On-going

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<b>4. INFORMATION GOVERNANCE</b> Information Governance/Security/Data Protection policies/procedures/protocols are not followed by staff and members.	- Major loss of public confidence in the organisation. - Potential litigation and financial loss to the Council. - Reputational damage to the Council. - With data held in a vast array of places and being transferred between supply chain partners, data becomes susceptible to loss; protection and privacy risks. - Reduction in the capacity/capability to retain such data. This could also be costly. - Excessive retention of data can still be requested through a Freedom of Information Act if retained. - Council may not share data with the appropriate individuals/bodies accurately, securely and in a timely manner. -Council fails to adequately secure/protect confidential and sensitive data held.	- Clear policies and protocols in place. - Staff have been trained and made aware of the Council's policies and procedures. - Secure storage solutions are now in place. - Paper retention has been reduced through the introduction of scanning etc. Member induction post May 2015 elections will cover and reinforce the issues around information governance - Programme underway to reinforce to staff the need to manage email data and storage appropriately	4	3	12	- Clear and on-going communications to staff to reinforce policies and protocols. - Regular review and monitoring of arrangements across services by Service Managers supported by Information Security/Governance Teams. - Ensure that the policy in place around the management of electronic data and disposal of data is in the awareness of staff. - Completion of the Customer Data Integration programme. - On completion of the relocation consider the impact of information security and assure the Corporate Management Team that all data has been transferred accurately. - Where necessary, complete the information sharing agreements.	5	2	10		Andy Keeling	31/03/2015 and On-going

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<p><b>5. BREACHES IN COMPLIANCE WITH REGULATION, POLICIES, PROCEDURES HEALTH AND SAFETY ETC</b></p> <p>Local management use discretion to apply inconsistent processes and misinterpret Corporate policies &amp; procedures, perpetuating varying standards across business units.</p> <p>The City Council fails to respond effectively to the requirements of Health and Safety</p> <p>Executive/Government proposals and/or legislation which places health and safety responsibilities on local authorities.</p>	<ul style="list-style-type: none"> <li>- Places the organisation at risk e.g. fraud, data loss etc. Potential financial losses / inefficient use of resources.</li> <li>- Possibility of serious injury or death of member of staff or service user/members of the public.</li> <li>- Failure to meet statutory responsibilities.</li> <li>- Reputational damage to the Council.</li> <li>- Negative stakeholder relationships</li> <li>- Potential for increase in the number of insurance claims</li> </ul>	<ul style="list-style-type: none"> <li>- Regular reporting from Internal Audit to Corporate Management Team (CMT). Approach to the annual corporate governance review revised and a more effective process established.</li> <li>- Day to day management of Health and Safety responsibility rests with the Operational Directors and their Heads of Service. Corporate Health and Safety team available to assist.</li> <li>- Risk is reported and controlled through Divisional Directors Operational Risk Registers (presented to the CMT each quarter) and these are underpinned by registers at Heads of Service level reviewed and discussed at Divisional Management Teams quarterly.</li> <li>- Regular inspections and reports by the Health and Safety team with all actions being followed up within a reasonable time.</li> </ul> <p>A process of more regular reporting to Corporate Management Team on health and safety matters is underway</p>	4	3	12	<ul style="list-style-type: none"> <li>- Continue to review and reinforce key standards and policies via regular communication.</li> <li>- Ensure Managers are appropriately trained and requirements are clearly set out in Job Descriptions and reinforced via appraisals.</li> <li>- Ensure Internal Audit findings are acted on in a timely manner.</li> <li>- Strategic monitoring and reporting in relation to Health &amp; Safety being reviewed to raise profile and ensure responsibilities are reinforced from the top.</li> <li>- Consider the creation of a policy schedule to maintain an overview of all Council policies.</li> </ul>	4	2	8		Kamal Adatia / Miranda Cannon	31/3/2015 and On-going

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<b>6. SAFEGUARDING</b> The Council fails to adequately safeguard vulnerable groups e.g. children and young people, elderly, those with physical and learning disabilities.	- Death or serious injury. - Serious case reviews initiated. -Reputational damage to the Council. - Citizens lose confidence in the Council. - Negatively impacts on relationships with stakeholders. - Impacts severely on staff morale.	- Safeguarding Adults and Children's Boards in place. - Regular reviews of policies/procedures and close supervision of staff. - Range of quality assurance processes exist within the Divisions. - Range of developments, including corporate training, exist within the Divisions to manage, support recruit and retain staff.	5	3	15	- Board performance and framework development. - Chair of Board has direct accountability through Chief Operating Officer. - Regular bi-annual meetings with Mayor and Adults and Children's Lead Members. - Will need to act on any necessary improvements identified via the Ofsted inspection of Children's Services	5	2	10		<b>Elaine McHale /Frances Craven</b>	31/3/2015 and On-going

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<p><b>7. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE</b></p> <p>Council resources may not be adequate or sufficient to respond should an external incident/disaster occur (for example, the impact of climate change leading to floods placing responsibility to the Council to house evacuees from other counties/areas) .</p>	<p>- An increase in inclement weather (flood, heat, waves, drought, windstorm, increased snow fall etc.) building the right infrastructure and new statutory flood and water risk management duties.</p> <p>- Having sufficient financial resources and flexibility to address these challenges becomes increasingly difficult.</p> <p>- Having sufficient assets/contingency arrangements.</p> <p>- Lack of resources could lead to inadequate response .</p> <p>- Impact on the publics health and wellbeing, safety/housing needs etc.      - Adverse impact on budget</p> <p>- Reputational impact</p> <p>- Death/injury</p> <p>- Potential for increase in the number of insurance claims</p> <p>- negative relationships with stakeholders</p>	<p>- Corporate Management of this is outlined in the carbon action plan which covers all areas of management activity across the Council and its partners to reduce carbon.</p> <p>- Implementation is monitored through a carbon management board. Day to day management of climate change responsibility rests with the Operational Directors and their Heads of Service.</p> <p>- Risk is reported and controlled through the Divisional Directors Operational Risk Registers (presented to Operations and Strategic Management Boards each quarter) and these are underpinned through regular reviews as part of the revised Eco-Management Audit Scheme (EMAS) system.</p> <p>- Local Resilience Forum (LRF) county wide partnering arrangement.</p> <p>- Leicester City Council (LCC) been actively engaged in reviewing the role of the Resilience Partnership and agreeing a 3 year funding strategy and approach for the partnership.</p>	4	3	12	<p>- Public engagement and city wide flood defence programmes are being developed jointly with the Environment Agency. This provides a two -pronged approach to manage the risk of severe flooding arising from climate change.</p> <p>- LRF and Resilience Partnership arrangements continue to be reviewed. Robust schedule of plan reviews and training in place and agreed via the LRF</p>	4	2	8		<p><b>Miranda Cannon / Alison Greenhill</b></p>	31/3/2015 and ongoing

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<b>7. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE (Continued)</b>  <b>137</b>	- Fail to meet statutory requirements - City Council fails to respond effectively to the requirements of Government proposals and/or legislation	Directors and Heads of Service will be updated on resilience arrangements in January 2015. -City Council major incident plan currently being reviewed and refreshed. -New emergency control room now fully equipped and operational at City Hall and provides a facility for both local management of emergencies and use by the LRF as a SCG venue				'-MAGIC' training arranged for strategic level command officers across the LRF and due to be delivered in May 2015.						

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<p><b>8. RESOURCE: CAPACITY, CAPABILITY, RETENTION &amp; DEVELOPMENT</b></p> <p>Lack of workforce planning and appropriate development of managers and employees leaves the Council exposed to service failure. The Council does not have the capacity/resilience in resources, should an event/incident occur, may significantly increase the demand on front line services. Changing market conditions gives rise to the council not being seen as first choice for employment as private sector may be perceived as offering better reward.</p>	<ul style="list-style-type: none"> <li>- The Council does not have the right skills, behaviours and competencies in terms of the workforce to deliver the city's vision and priorities.</li> <li>- The Council fails to maximise the potential of its key resource.</li> <li>- Staff become demotivated/are under pressure which has an impact on productivity and delivery across the Council.</li> <li>- Disruption to service delivery.</li> <li>- Impacts on continuity of services. Creates risks in delivery because information on processes/procedures etc is lost</li> <li>- Service demands may not be met.</li> <li>- Reputational damage.</li> <li>- Financial impacts.</li> <li>- Drain on resources</li> </ul>	<ul style="list-style-type: none"> <li>- Human Resources (HR) review has built in capacity for longer-term workforce planning and a more strategic approach. Strategic HR work programme agreed which captures this.</li> <li>- Talent match (internal jobs market) now being rolled out across the Council</li> <li>- HR Workforce Planning Team actively involved in supporting areas where there are existing pressures eg children's services</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>- Continue to develop the Council's workforce planning approach and fundamentally review how workforce development will support this in future.</li> <li>- Consider retention mechanisms and succession planning.</li> </ul>	3	3	9		<b>Miranda Cannon</b>	31/03/15 and ongoing





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<p><b>9. CONTRACT MANAGEMENT &amp; PROCUREMENT</b></p> <p>Contract management protocols/procedures are not robust and there is lack of understanding/awareness within the Council. Service areas may exercise partnership arrangements/ collaborative agreements where formalised/legal contracts are not in place and possibly these may not be legally binding.</p>	<ul style="list-style-type: none"> <li>- Reputational damage.</li> <li>- Financial impacts; valuable funding is used for rectification of issues.</li> <li>- Increase in staff resources to defend a challenge.</li> <li>- Potential for litigation and fines being incurred.</li> <li>- Contract service level agreements may not be adhered too.</li> <li>- The Council does not receive value for money for the services it procures.</li> <li>- The Council is challenged in the reduction of contracts when re-tendered.</li> <li>- Discouraged providers may not tender for the contract in the future, potentially reducing the portfolio of providers and even reducing the availability of high quality providers.</li> </ul>	<ul style="list-style-type: none"> <li>-Contract Procedure Rules in place.</li> <li>-Policy that all procurement over a deminimis threshold must be carried out by one of the specialist procurement teams.</li> <li>-Professional procurement staff recruited and now in post</li> <li>-Contract Risk Management training available</li> <li>-Engagement with local supplier groups</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>-Implementation of improved Contract Procedure Rules with associated guidance.</li> <li>-Development of new procurement template documentation</li> <li>-Implementation of new electronic tendering system</li> <li>-Professional training for procurement staff (MCIPS)</li> <li>-Training in procurement and contract management for staff across the Council</li> <li>-Enhanced engagement with local business to widen portfolio of potential suppliers</li> <li>-Development of communications plan to ensure all staff are informed of above as appropriate to their role.</li> </ul>	3	3	9		<b>Alison Greenhill</b>	13/03/2015



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<b>10. ASSET MANAGEMENT</b> Absence of an asset management strategy will affect the future conditions/status of buildings.	<ul style="list-style-type: none"> <li>- Reputational damage.</li> <li>- Increase in costs.</li> <li>- Loss of predicted revenue.</li> <li>- Deterioration of assets.</li> <li>- Potential harm to the public.</li> <li>- New business are not attracted to Leicester.</li> <li>- The council's assets may fall into disrepair losing income and increasing maintenance costs. In a worse case scenario assets may be totally lost and community engagement too.</li> </ul>	<ul style="list-style-type: none"> <li>-A single corporate asset management system is now in place.</li> <li>-Annual Planned Maintenance Programme is in place to cover the most urgent health and safety issues in the estate.</li> <li>-Central Maintenance Fund is available to address urgent repair items in the estate.</li> <li>-Phases one and two of the central accommodation strategy have been effectively implemented which has significantly reduced the backlog maintenance issues in the estate.</li> <li>-Transforming Neighbourhood Services review in place to reduce the level of backlog maintenance issues in the neighbourhood estate.</li> <li>-Building Schools for the Future (BSF) and Primary programmes are proceeding on course with a new Hard Facilities Management Offer for BSF Phase 3-6 using local contractors being concluded.</li> <li>-Condition surveys have now been completed for all neighbourhood and leisure assets</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li>-Phase 3 Accommodation Strategy to be developed and implemented in 2014 to 2015.</li> <li>- Establishment of a corporate asset management group.</li> <li>- Implementation of Transforming neighbourhood services</li> <li>- Continued development of effective planned maintenance programme</li> </ul>	5	3	15		Frank Jordan	31/12/2015

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<b>11. NATIONAL AGENDA/CHANGES IN LEGISLATION/ GOVERNMENT ETC</b> On going changes in government, legislation etc. gives rise to new demands and responsibilities with insufficient time for implementation and insufficient budget.	- Loss of income. - Services may not be delivered. - Reputational damage. - The budget may not be sufficient to deliver the expected service demand. - Statutory services. such as public health may be reduced and or the Council is unable to protect and safeguard the public, vulnerable individuals etc. - Implementation of unpopular fees for services required by the Public of the Council. - The health and wellbeing of the City may be impacted. -Causing service failure or significant cost over runs.	Directors keep abreast of policy change and development in their portfolios. The implications of change described and discussed. Including political briefings if required. Budgeting takes account of national changes. Staff are trained in new requirements.	4	3	12	Examine options for service integration; improved leadership development; manage demand better; have honest conversations with the public about what can be expected from us; improve commissioning activity across the Council.	3	2	6		Andy Keeling	31/03/2015

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RISK  <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT:  <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS  <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING MEASURES			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER ACTIONS/CONTROLS REQUIRED			COST	RISK OWNER	TARGET DATE
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<p><b>12. CHANNEL SHIFT AND IT DEVELOPMENT</b></p> <p>The Council may be unsuccessful in channel shifting customers to less resource intensive forms of contact than face to face or telephone contact. The infrastructure may not be in place to enable the shift and the culture change is not enabled among staff and customers to support it.</p>	<ul style="list-style-type: none"> <li>- Service delivery not met.</li> <li>- Adverse affect on budget.</li> <li>- Reputational damage.</li> <li>- Impact on resource provision.</li> <li>- Process and improvements do not materialise.</li> <li>- Lack of access to data.</li> <li>- Customer access channels may not be improved.</li> <li>- Services will become unaffordable</li> </ul>	<ul style="list-style-type: none"> <li>-A draft Digital Channel Shift Strategy has been developed.</li> <li>-A Customer Access Strategy is in place.</li> <li>-The Transforming Neighbourhood Services programme is underway improving co-location and integration of services with customer services represented on the steering group.</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>-Review current channel shift offer and prioritise areas of high demand not currently offered.</li> <li>-Continue to review existing arrangements to ensure that they are efficient and effective as some arrangements carry high administrative overhead.</li> <li>- All services to be asked to review their comms to ensure that online options are promoted ahead of traditional access channels.</li> <li>- The council will adopt a single, council branded, self-help kiosk across all its sites, to simplify the support overhead and to help promote the service.</li> <li>- Governance arrangements will be reviewed.</li> <li>- A communications plan to support channel shift among staff and customers to be developed.</li> <li>-Launch refreshed website in March 2015</li> </ul>	3	3	9		<p><b>Andy Keeling/ Alison Greenhill/ Frank Jordan</b></p>	31/03/2015

## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2015

Risk What is the issue:  <i>what is the root cause/  problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures  (See Scoring Table)			Further management actions/controls required	Target Score with further management actions/controls  (See Scoring Table)			Cost	Risk Owner	Review Date
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<b>1. Adult Social Care &amp; Safeguarding</b> - Integration agenda. Risks associated with large programme of change in challenging financial context.  <span style="font-size: 2em; font-weight: bold;">45</span>	Failure against national commitments on integration. Services are not aligned; Financial risk; Conflict between priorities of organisations; Transformation programme targets are not met.	High visibility at partnership forums; Support to frontline staff to maintain operational relationship management; Communication strategy for transformation in context of integration includes partners.	4	4	16	Establish clear partnership arrangement to agree and deliver Integrated Care in Leicester; maximise Better Care Fund (BCF) opportunity.	3	3	9		Ruth Lake	BCF plan complete; implementation planning through 2014/15
<b>2. Adult Social Care &amp; Safeguarding</b> - Meet Health & Safety (H&S) expectations in regulated provision. Fail to maintain safe water systems in all units; Failure to maintain essential health and safety in intermediate care provision.	Ill health or death to residents and/or staff or visitors from water borne infections or poor H&S practices.	Water hygiene monitoring practice in place	5	3	15	Ensure all registered managers go on required training and fully understand the requirements for temperature checking, flushing regimes, tap cleaning etc. and can closely monitor those carrying out these tasks.	5	2	10		Ruth Lake	31.03.2015 and ongoing
<b>3. Adult Social Care &amp; Safeguarding</b> - Failure to deliver satisfactory Intermediate care capacity. Ineffective partnership working with Leicester City NHS results in failure to implement new Intensive Care unit.	Failure to deliver intermediate care priorities and make efficiency targets; capital/reputational/political risks.	Strategy and redesign work to establish cross-economy commitment to intermediate care models	4	4	16	Engage with Health & Wellbeing Board as it establishes; establish programme board with Care Commissioning Group input	3	3	9		Ruth Lake	Work will be ongoing throughout 2014 to 2016

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<b>4. Adult Social Care &amp; Safeguarding</b> - Failure to meet legislative duties. Implementation of the Care Bill - risk of financial pressures, risk of operational failure to meet new duties. Significant lack of clarity re policy decisions and of financial allocations being adequate	Unmanaged budgetary pressures; inability to deliver services in line with statutory duties; reputational risks	Programme board arrangements to prepare for implementation of new requirements. East Midlands partnership to share learning; financial and operational project leads	4	4	16	New funding £125k 2014/15 to support capacity	4	3	12	Budgeted for in revenue strategy but subject to national assurance that allocation is adequate	Ruth Lake/ Tracie Rees	30.04.2015
<b>5. Adult Social Care &amp; Safeguarding</b> -Operational capacity Risk of legal challenge / fines from being unable to meet the additional demands arising from Cheshire West judgement on Deprivation Of Liberty Safeguards (DOLS).	Breach of legislation; financial liability re Information Commissioners Office; breach of confidence in the Council	Manager briefings to ensure legal requirements understood; scoping of high risk cases to understand new DOLS cases; prioritisation of action on cases; monitoring of incoming pressures for DOLS team and use of independent Best Interest Assessor capacity; engagement with legal services re Court Of Protection applications and pressures	4	4	16	Tracking of anticipated legal guidance on application of case law in practice; consideration of additional resources	4	3	12		Ruth Lake	31.03.2015 and ongoing



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<p><b>6. Information and Customer Access</b>  <b>Staff: Capacity, capability and recruitment</b>  <b>Capacity:</b> There are insufficient resources to meet increase in demands, such as business application outage, application failure etc., due to an already lean structure. Teams are being worked increasingly hard including weekends and out of hours.  <b>Staff Retention:</b> With a buoyant market place for the team's skills, staff may seek career progression outside the Council. Formal career progression opportunities may not be available internally.  <b>Recruitment:</b> Department requires highly skilled people but applicants may be less likely to apply for jobs at the Council as it may not be seen as the employer of first choice.</p>	<ul style="list-style-type: none"> <li>- Unable to attract high calibre, skilled individuals.</li> <li>- Lack of adequate succession planning in some areas, leading to increased key person dependency vulnerability.</li> <li>- Vital skills and expertise are lost e.g.. Lync, data warehouse.</li> <li>- Vacancies create more workload pressures and impact on the wellbeing of the remaining staff.</li> <li>- Staff more likely to elsewhere as the market picks up, especially as Job Evaluation means people are already being asked to do more for less.</li> <li>- Unable to meet service demand and SLAs and to deliver core services. Reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>- On-going review with HR to ascertain options. Options such as graduate recruitment being investigated and implemented where appropriate.</li> <li>- Training, motivation, internal career development to retain and develop staff.</li> <li>- Market increments for key posts (although this hasn't helped to attract applicants to recent posts).</li> <li>- Undertaking succession planning and knowledge sharing as much as possible.</li> <li>- Documentation to reduce dependency on key individuals</li> <li>- Approval to recruit two apprentices and another graduate.</li> <li>- Recruited a Graduate.</li> <li>- Overtime payment and TOIL where appropriate.</li> <li>- Third party support contracts</li> <li>- Application made for De Montfort University graduates for Info Gov &amp; Mgt</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>- Consider up skilling/cross skilling the Team to increase scope of roles etc.</li> <li>- Work with HR to address particular concerns.</li> <li>- Succession planning, shaped by skills matrix.</li> <li>- Apprenticeships and graduate schemes for regular input of new talent/skills.</li> <li>- Capture and more proactively manage service demand.</li> <li>- Implement formal out of hours procedure.</li> <li>- Review technology architecture to remove any unnecessary complexity and reduce dependency on hard to source skills</li> </ul>	3	4	12		Jill Craig	31.03.2015



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<b>7.Information and Customer Access Finance and budget - impact on ability to meet Council requirements</b> On-going pressure to reduce costs within the council which is impacting on the service capacity.	<ul style="list-style-type: none"> <li>- Continued cuts lead to not enough people to deliver the service</li> <li>- Service demand may not be met</li> <li>- Targets and deadlines may be missed, e.g. delivery of new programmes and business solutions.</li> <li>- Loss of front line productivity across the Council as services are not available when needed.</li> </ul>	<ul style="list-style-type: none"> <li>- Engaging with the review of IT services to ensure there is a clear understanding of the services provided and the potential impacts of major service cuts.</li> <li>- Raise profile and demonstrate value of the team and the need for specialised resource.</li> </ul>	4	4	16	- On-going existing actions.	4	4	16		Jill Craig	31.03.2015
<b>8. Information and Customer Access Capacity and Service Reporting</b> Across the estate, the utilisation of application and network related hardware may not be fully understood.	<ul style="list-style-type: none"> <li>- Reputational damage</li> <li>- Service delivery may not be met</li> <li>- Effect on available resources i.e. budget and staff if unplanned upgrades required</li> <li>- Negative effect on productivity</li> <li>- Affects ability to plan</li> </ul>	- none noted currently (Tools are available but not being used)	3	5	15	<ul style="list-style-type: none"> <li>- Maximise use of available tools</li> <li>- Develop framework/guidelines for operating procedures</li> </ul>	2	4	8		Jill Craig	31.03.2015

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<p><b>9. Information and Customer Access Information Security</b> The information and IT security environment is changing rapidly, altering the risk profile and requiring constant adjustment of controls e.g.. Challenges of cloud computing, use of mobile devices for flexible working, bring your own device). It is challenging for central IT and information services to evolve infrastructure, policy, practice and guidance to keep up, and for the wider employee base to adapt their working practices to keep the organisation's information secure. In addition, requirements for national Code of Connection compliance also change over time, placing new security demands on the organisation. Failure to stay on top of security risks presents the risk of information security breaches.</p>	<p>- Information security breaches in which personal and/or sensitive Information is compromised. - potential for Data Protection monetary penalties, negative press coverage, reputational impact. - Impact on individuals (employees, service users, citizens) of their Information being compromised, including distress or damage such as identity theft and reputational impact. - Reduced trust in the Council, impacting on its ability to deliver key services - Lost productive time due to IT downtime</p>	<p>- IT security provisions including encryption, firewalls, virus protection, Secure Socket Layer connections where needed, access control. - Security standards, policies and procedures, maintained, proactively communicated and published for universal access. - Dedicated security roles undergoing professional development. - Assurance routes via 1. Work to obtain and maintain PCN accreditation, 2. Internal audit, 3. Information Governance Toolkit. - Information and IT security are integral to IT procurement exercises, helping to ensure that software and hardware procured offer good security. - Technical Information Security Group to raise security issues, address concerns, track implementation of internal audit recommendations. - New approach to reporting on uptake of Data Protection</p>	4	4	16	<p>- Keep controls up to date to respond to evolving threats. - Increase manager awareness of the negative impact of staff change etc. on security awareness and capabilities. - Adjust security provisions to meet the next year's Public Service Network requirements.  NB: in a changing context, controls need to evolve to maintain the risk exposure at the current level and prevent it from increasing. Therefore, only a limited risk exposure is anticipated.</p>	4	3	12		Jill Craig	31.03.2015

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<p><b>10. Information and Customer Access Demand and change management</b></p> <p>There is no clear demand pipeline especially around project related activity, which means it is difficult to plan staffing, prioritise and manage workloads etc. There is no Target Operating Model, so that service level expectations/outputs and deliverables are not always clear and not delivered upon under a uniform agreement across the business. In some instances, the least relevant priority is dealt with rather than the most significant. This is exacerbated as there is currently no consistent way to capture and manage Business Application support and demand. ICT cannot provide the additional flexibility, complexity and time/resources required by rising customer expectations.</p>	<ul style="list-style-type: none"> <li>- Improvements are not made to processes and procedures.</li> <li>- Inefficient and/or ineffective operations are in place.</li> <li>- Internal reputation impacts.</li> <li>- Demand may not be met.</li> <li>- Service delivery affected.</li> <li>- Incidents are not appropriately identified and rectified.</li> <li>- Increased reliance on IT staff rather than departmental self-sufficiency.</li> <li>- Increased demand on ICT resources.</li> <li>- Supplier response times and deadlines to rectify fixes/changes are lengthy and not always a priority.</li> </ul>	<ul style="list-style-type: none"> <li>- Tactical improvement actions and plans have been identified and are in the process of being implemented.</li> <li>- Gateway process in place</li> <li>- Organisational restructure has been suggested and is being considered.</li> <li>- Business Continuity Management arrangements under review.</li> </ul>	3	5	15	<ul style="list-style-type: none"> <li>- Implement holistic Disaster Recovery Plan.</li> <li>- Confirm roles and responsibilities.</li> <li>- Ask services to involve the customer services team in the planning/phasing/releasing of information etc.</li> <li>- Intended focus on more long term and forward planning.</li> <li>- Consider establishing a demand team (as part of the Methods review)</li> </ul>	3	5	15		Jill Craig	31.03.2015

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<b>10. Information and Customer Access Demand and change management - Continued</b>  152	<ul style="list-style-type: none"> <li>- Contract arrangements do not include performance targets, turnaround times SLA information etc., the Council is unable to hold them to account.</li> <li>- Data could be lost/unable to be restored</li> <li>- Delays in projects, tasks and assignments.</li> <li>- Adverse effect on budget.</li> </ul>					<ul style="list-style-type: none"> <li>- Unlikely to be able to influence this risk in the near future as fundamental organisational change is required, so management actions are to maintain status quo and prevent the risk worsening.</li> </ul>						

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<p><b>11. Information and Customer Access</b> <b>Impact on record keeping from use of shared drives and email</b></p> <p>Information on line of business systems including the Council's HRMS can be more robustly managed than that on email and shared drives.</p> <p>Email has become the predominant means of business communication BUT this means that records of Council activities and decisions are stored in Outlook rather than systems where they can be sufficiently protected, findable and available as Council records.</p> <p>Shared drive management is also problematic . Many teams do not have a mature shared drive structure in place, and structures are sprawling. Some officers do not have access to shared spaces, only to individual Home drives.</p>	<p>-Excessive IT overhead from backing up and keeping available huge volumes of data, a proportion of which is redundant.</p> <p>- Business impact of not seeing the wood for the trees, where documents and files are accumulated to excess without consistent filing practices, naming conventions and disposal routines, and where defunct materials are still cluttering up drives.</p> <p>- Potential inability to access corporate records in personal storage locations without the presence of specific members of staff.</p> <p>- Potential loss of corporate records when employees leave the organisation and have used personal not corporate filing.</p>	<p>- Policies in place (e.g. Information Management Policy, Records Retention Schedule).</p> <p>- ICT induction briefly addresses email management and filing systems. Being reviewed now so there are stronger messages about managing content.</p> <p>- Information Management Team advising teams on an ad hoc basis re good records practice.</p> <p>- Guidance written on a shared drive refresh process - being tested with Children's Centres. Will enable a scaling up of assistance to services.</p> <p>- Draft guidance in place for driving down email volumes. In testing.</p>	3	5	15	<p>- Enterprise Content Management project to enable teams to review their saved content, to organise it and to cut it back to the necessary.</p> <p>- Relaunch of Information and Records Management policies.</p> <p>- Rollout of information management training for managers.</p> <p>- Improved induction training for information management.</p> <p>- Integration of IM skills into wider courses where appropriate.</p> <p>- Create a self service information and records healthcheck helping services to prioritise addressing weak areas (Jan-Mar 2015)</p>	3	4	12		Jill Craig	31.03.2015

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<p><b>11. Information and Customer Access Impact on record keeping from use of shared drives and email - Continued</b></p> <p>Even where well designed filing structures are in place, electronic disposal of records at the end of their lifetime is usually not taking place, leading to accumulation of materials.</p>	<p>- The accumulation of past materials impedes effective working on current issues.</p> <p>- Potential for the Council to be unable to locate the evidence it may need for its decisions and actions.</p> <p>- Increased overhead of responding to FOI requests.</p>				<p>- The success of the above controls is conditional on effective communications and strong buy-in cascaded across the organisation from senior management down.</p> <p>- Progress is also currently impeded by limited staff resources in Information Management.</p> <p>Restructure underway to increase skilled</p>							



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<p><b>12.Information and Customer Access Information Governance compliance</b> Key areas of risk are: flexible working practices which expose data to new risks, inappropriate disclosure of personal data, insecure and excessive information sharing externally and internally, lack of universal participation in Information Governance training, lack of awareness of the compliance and enabling role of Information Governance and failure to comply with the Regulation of Investigatory Powers Act 2000. (Also see corresponding risks around Data Protection and Freedom of Information compliance.)</p>	<p>- Data may be lost or shared inappropriately. - Potential legal challenge. - Breaches in regulation/legislation, which may incur fines, reputational damage and negative media coverage. - Local breaches are not reported to the Information Governance Team until a compliant arises. There may be a number of unreported information governance breaches which are unreported and being managed at a local level. - Subject Access Requests: this area has failed in compliance in 2013, and could fail again in the future.</p>	<p>- Policies and procedures in place e.g. security, retention and disposal. - Devices are encrypted. - Staff are briefed on Information Governance compliance and asset management. - Improvement plan identifies necessary procedural updates etc. - Good liaison with Information Commissioner's Office and increased visibility and compliance. - Regular reports to Directors on the importance of Information Governance compliance. - Staff are required to complete Information Governance training on induction and all staff were asked to complete</p>	4	5	20	<p>- Requirement for all to complete annual Information Governance awareness training should be enforced. - Introduce a self-service Information Governance health check for Managers to check their team's compliance and identify their own improvement actions. - Information Governance issues to be addressed more consistently in contracts outside IT Procurement (where this is systematic).</p>	4	3	12		Jill Craig	31.03.2015

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<b>12.Information and Customer Access Information Governance compliance - Continued</b>  <b>156</b>		- LCC submissions to the NHS IG Toolkit provide a health check on Information Governance policies and systems. - Self service IG Healthcheck tool for managers has been drafted. Next stage is testing. NB staff turnover and high rates of change are increasing the Council's exposure to risk here.				- Need for services facing high staff turnover to prioritise Data Protection and security training to maintain capability levels.  NB: in a changing context, controls need to evolve and be constantly refreshed to maintain the risk exposure at the current level and prevent it from increasing. Therefore, no reduction in risk exposure is anticipated.						
<b>13. Schools Capital.</b> Raising educational achievement -The discontinuation of PCP (reduction in capital investment) and the continuing need to accommodate pupil increases.	A Statutory duty is not met	Delivery of Basic Need Programme to address pupil placements required by September 2015.	4	4	16	Continued assessment & development across the Primary School estate.						

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<b>14. Property</b> - Schools Capital. Raising educational achievement.	Reduction in capital investment in schools with ageing school stock and deteriorating condition Potential to not meet statutory building requirements. Reputational damage to the council.	Develop long term strategy across the Primary School estate	4	4	16	Develop long term strategy across the primary school estate	4	2	8	Staff time	Mark Lloyd	Review 6 monthly
<b>157</b>												
<b>15. Property</b> - Maintaining Income (Capital and Revenue) on behalf of the Council	Economic downturn affecting budget	Voids and arrears monitored Monthly .	4	4	16	Send rent demands, reviews and renewals on time - collect rent on time. Manage tenants in arrears.	3	4	12	Staff time	Mark Lloyd	30.04.2015 and ongoing
<b>16. Property</b> - Business Continuity Management re Asbestos	Closure of buildings	1. Findings of asbestos action plan being implemented. 2. Asbestos monitoring returns to be reported to DivMT and Heads of Property monthly. To Corporate Management Team if cause for concern. 3. Action plan works now completed, signed off by Health & Safety and now being monitored.	5	3	15	1. Ensure 100% compliance with asbestos returns with accurate data by holding Building Responsible Officers to account. 2.Ensure all buildings have an asbestos register	3	2	6	Staff time	Mark Lloyd	30.04.2015 and ongoing

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<b>17. Property - Business Continuity Management re Water Hygiene</b>  <div style="position: absolute; left: -40px; top: 50%; transform: translateY(-50%); font-weight: bold; font-size: 2em;">158</div>	Closure of buildings	1. Implementation of control regime comprising ongoing regular monitoring, reports, risk assessment reviews and maintenance with allocated budgets.      2. Water hygiene monitoring returns to be reported to DivMT and Heads of Property monthly. To Corporate Management Team (CMT) if cause for concern. 3. Spend of allocated capital budget for water hygiene and production of ongoing prioritised schedule of works ongoing. 4. Water hygiene responsibilities in non-op estate have been confirmed and necessary action taken.	5	3	15	1. Seek 100% compliance with water hygiene returns with accurate data. 2. Further budget for 13/14 works approved in capital programme subject to Corporate Management Team decision. 3. More rigorous audit of Building Responsible Officer monitoring to be undertaken.	3	2	6	Staff time	Mark Lloyd	30.04.2015 and ongoing

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			Impact	Probability	Risk		Impact	Probability	Risk			
<b>18. Property-</b> Delay and compensation event claims are received leading to extensive costs.  <b>159</b>	Contingency held to address unforeseen issues may be overspent	All claims are monitored and are challenged using internal and external resources. Continued dialogue with the Finance Team to monitor the financial position.	5	4	20	Review meeting established with the contractor and information being sought to substantiate claims with the assistance of a programme analyst and specialist advisors	4	3	12	Contingency provision is over subscribed	Mark Lloyd	30.04.2015 and ongoing
<b>19. Care Services &amp; Commissioning (ASC)</b> - Quality of care provision in the council's residential homes falls below required standards.	Detriment (harm) to individuals, groups or the Council (financial or reputational)	Management audits of practice and development of plans to promote improvements	5	3	15	Audit processes in place via Adult Social Care contracts and assurance team. This is in addition to Care Quality Commission inspections.	5	2	10		Tracie Rees	31.03.2015 and ongoing
<b>20. Care Services &amp; Commissioning (ASC)</b> - Failure to maintain quality, safe services	Reduced quality, safeguarding, staff sickness	Reed opening up the market, developing induction days and tools, benchmarking training and using the Swedish Derogation rule for consistency.	4	4	16	Monitor and engage with Reed to ensure development measures are undertaken. Monitor quality of agency staff	2	3	6		Tracie Rees	31.03.2015 and ongoing

## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2015

Risk What is the issue:  <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further management actions/controls (See Scoring Table)			Cost	Risk Owner	Review Date
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<b>21. Care Services &amp; Commissioning (ASC)</b> - Failure to carry out effective statutory consultation will result in financial and reputational damage to the council.	Council could face legal challenge through judicial review	Consultations being run as a dedicated project overseen by a senior manager with some temporary additional resource	5	4	20	Stakeholder engagement strategy in place and we always seek advice from legal services and corporate consultation team. Legal services sign off all consultation materials and agree the approach and methodology.	5	1	5	A Judicial Review legal challenge could cost the authority several millions if the methodology used by the Council is not robust	Tracie Rees	31.05.2015 and ongoing

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<b>22. Care Services &amp; Commissioning (ASC)</b> - Future of the Councils 8 Elderly Persons Homes - High risk politically, however, failure to implement carries high financial risks in terms of deteriorating buildings and reducing occupancy levels. Delay to implementation will impact on budgeted savings. Legal challenge arising from TUPE consultation impacts on project delivery	An Executive decision was made (15.10.2013) to close 4 of the homes and sell 4 to achieve budget savings and address falling numbers. Phase 1 sales of Cooper and Abbey will complete 2nd February 2015. Disposal of Douglas Bader is 09/01/15, Nuffield 10/01/15, Elizabeth House 15/01/15	A Programme/Project Board which will report to the Corporate Programme Management Office has been established to implement the Executive decision over 3 years	4	4	16	Care management teams to support and inform residents and carers. Deliver to project timescale and provide Executive with clear advice to support speedy decision making. Ensure effective TUPE process and an employment lawyer and HR to be part of implementation team.	4	3	12	There are budget savings of £3.5m associated with the future of the homes	Tracie Rees	2015/16 based on a phased approach. Elizabeth House closed April 2014, Nuffield House closed June 2014. Abbey and Cooper House sold due to transfer February 2015

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<b>23. Care Services &amp; Commissioning (ASC) -</b> Implementation of the 5 Year Leicester, Leicestershire and Rutland (LLR) Better Care Together Plan carries high financial and political risk	Financial impact/legal challenge	An LLR Programme Board has been established that includes health and social care chief officers	5	4	20	An LLR Programme Board has been established that includes health and social care chief officers	3	3	9	Operational and cost implications still to be determined - should be known by 2014	Tracie Rees	2014 to 2019



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<b>24. Care Services &amp; Commissioning (ASC) - Non implementation of the Care Act 2014</b>  163	High financial risk and operational non compliance	A Programme Board has been established that will report to the Corporate Portfolio Management Office (CPMO) Project leads confirm that delivery of change is on track for compliance by 01/04/15	5	3	15	A Programme Board has been established that will report to the CPMO. Project work streams designed to deliver compliance	3	2	6	Full costs are still to be determined - financial assessment in progress. National, regional and local work taking place to forecast increased demand.	Tracie Rees	2015/2016
<b>25. Care Services &amp; Commissioning (ASC) - Non Implementation of the Care Act</b> Inability to deal with increased demand for assessment and support planning	Deterioration of operational performance reputational impact and customer impact	Staff training to reinforce eligibility criteria Demand modelling carried out but this can only give an indication of what might happen	3	5	15						Tracie Rees	31/03/2015 and ongoing

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<p><b>26. Delivery, Communications and Political Governance - UNPLANNED ELECTION EVENT</b> The service may struggle to manage a number of unplanned, additional elections, as well as a number of different type of elections e.g. House of Lords, Referendums etc.</p>	<p>Elections not performed appropriately/ challenges are received Reputation damaged Adverse effect on finance Media coverage Public complaints Increase in resource requirement A number of elections are planned for 2015 reducing the capacity for staff to absorb unplanned elections.</p>	<p>Returning officer and nominated deputies are in place. - Insurance is in place. - Many elections can be planned and have set dates.</p>	4	4	16	<p>Need to identify and break down the critical activities and align these to the relevant staff, should the event of restricted resources occur. Match/Map these to required expectations. - Ensure that there is a robust planning support structure in place. Develop a potential 'business continuity plan' to build resilience and stability. - Use external or peer support where feasible e.g. from other local authorities. - Consider training/up-skilling a pool of contingency staff. - Review further as a management team.</p>	4	4	16		Miranda Cannon	01/03/15 and ongoing



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<p><b>27. Delivery, Communications and Political Governance - ELECTIONS 2015</b></p> <p>Insufficient skilled and number of staff to assist in the delivery of the 2015 Elections</p>	<ul style="list-style-type: none"> <li>- Elections are not performed appropriately/challenges are received.</li> <li>- Reputational damage.</li> <li>- Adverse effect on finances.</li> <li>- Media coverage.</li> <li>- Public complaints.</li> <li>- Increase in resource requirements.</li> <li>- A number of elections are planned for 2015 reducing the capacity for staff to absorb unplanned elections.</li> <li>- Could lead to increased expectations on the existing trained core team; who hold relevant and detailed knowledge.</li> <li>- The potential repetition of the impacts and pressures that arose during the 2011 elections.</li> </ul>	<ul style="list-style-type: none"> <li>- Risk log and project plan in place and planning work commenced at an early stage.</li> <li>- Core election planning team involving relevant expertise eg HR, training, ICT, comms along with electoral services staff meeting regularly to plan</li> <li>- Lessons learnt from previous elections reviewed and factored into current planning</li> <li>- Training undertaken by the core team</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>- Continue regular planning meetings and review the project plan, risk log and issues log each time. Ensure mitigating actions for risks are acted upon.</li> <li>- Put in place a robust event management plan. Consider major potential issues such as evacuation and security measures early on.</li> <li>- Continue to draw in wider expertise from across the council</li> </ul>	4	2	8		Miranda Cannon	01/03/15 and ongoing

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<p><b>28. Delivery, Communications and Political Governance - STAFF CAPACITY &amp; CAPABILITY - SKILL SHORTAGES</b> - Currently there is a lack of business expertise and experience within the Council. Furthermore, there is a lack of available resources within the market place making it difficult to recruit which may leave posts vacant resulting in reliance on existing staff</p> <p><b>KEY PERSON DEPENDENCY</b> - Continuing reductions in staff may lead to increasing reliance on fewer people, some of whom may not have critical knowledge/ skills, creating additional pressures at times e.g. unplanned absence; inability to transfer knowledge and skills before key staff leave.</p>	<p>Increase in key person dependency and increased dependency on line managers to deliver a number of technical capabilities.</p> <ul style="list-style-type: none"> <li>- Lean staffing structures.</li> <li>- Critical expertise cannot be found.</li> <li>- Existing staff health and wellbeing may deteriorate, including morale.</li> <li>- Service demand cannot be met.</li> <li>- Members demand/expectations cannot be met.</li> <li>- Tasks are not completed/delivered and/or critical projects may be halted.</li> <li>- Statutory/regulatory requirements may not be adhered to and deadlines breached.</li> <li>- Reputational damage.</li> </ul>	<p>Exploring/started implementing options to work collaboratively.</p> <ul style="list-style-type: none"> <li>- HR strategic work programme, which incorporates a number of pillars such as process, knowledge, key dependency, absence etc. This is supported by work to develop an approach and culture around service redesign and transformation. Training on this is being put in place and delivered</li> <li>- Some areas have commenced skills matrix working.</li> <li>- Talent Match (Internal jobs market) is being planned rolled out</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>- Further secondments and matrix management to share skills and expertise. Continue to deliver the HR strategic work programme.</li> <li>- Ensure staff engage and connect fully with service transformation and ensure that objectives are met and quality is delivered.</li> <li>- Raise Managers awareness to allow them to recognise importance of organisational transformation in their role.</li> </ul>	4	3	12		Miranda Cannon	31.12.2014

## Appendix 2 - Leicester City Council Operational Risk Register

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<p><b>28. Delivery, Communications and Political Governance - Continued</b></p> <p>INCREASE IN DEMAND There may be an increased demand for support of which available expertise is limited. Therefore, support services such as Human Resources (HR) may not be able to meet expectations or deliver to the right level of quality.</p> <p>POLITICAL EXPECTATIONS - Members and politicians may have differing expectations in terms of service delivery and priorities resulting in conflict and a lack of clarity</p>	<ul style="list-style-type: none"> <li>- Adverse effect on finances.</li> <li>- Specialist expertise and knowledge is not available to deliver the required duties.</li> <li>- In the area of business resilience, the loss of staff may mean that there is limited expertise/skills to support the business resilience programmes.</li> <li>- Long term absence may lead to claims.</li> <li>- Corporate memory diminishes when staff leave the Council.</li> <li>- Potential lack of staff engagement/connectivity in the resourcing requirements etc.</li> <li>- Highly skilled technical roles cannot easily be filled</li> </ul>	<p>Workforce planning function is in place and work has commenced with managers on future workforce planning including targeted work in areas with specific difficulties eg children's social care.</p> <ul style="list-style-type: none"> <li>- Internal audit are utilised to review processes where available.</li> <li>- Policies and procedures are in place.</li> <li>- Continued use of graduate and other entry level roles to bring in additional capacity</li> </ul> <p>Work underway to put in place an organisational vision and values for the workforce and a supporting programme of staff engagement.</p>				<ul style="list-style-type: none"> <li>- Consider methods of measuring staff engagement and satisfaction e.g. surveys, diagnostic approach. More rigorous exit interview approach is being developed to gather staff feedback</li> </ul>						

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<p><b>28. Delivery, Communications and Political Governance - Continued</b> APPROPRIATE SUPPORT/ADVICE AND ADHERENCE BY LINE MANAGEMENT - Support services provide policies, procedures and frameworks for managers and staff to work within but these may not be implemented consistently or in the way they are intended by managers, or advice may not be sought in a sufficiently timely manner, resulting in poor and risky management practices.</p>	<p>- Perception of blame culture leads to senior and/ or skilled staff leaving - Inadequate/ inappropriate decisions are made by management, resulting on increased involvement by HR and/or other services in a reactive capacity. - Changes may not be made quickly or effectively and/or changes may be made prior to all parties consent.</p>				<p>- Further engagement with youth/apprentice programmes and ensure the experience of those undertaking placements / programmes is collated - More collaboration and connectivity across service areas. - Strive to gain greater support to achieve better compliance. - Continue to roll out the workforce planning approach across all areas. Ensure locally that succession planning is considered in 1:1s with Team Managers.</p>							

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<p><b>29. Delivery, Communications and Political Governance - LEGAL CHALLENGE</b> Increased legal challenges may heighten the need to ensure that processes are effective, efficient, communicated in a uniform manner and that managers and staff follow explicit guidance. Equalities Impact Assessments (EIAs) are likely to become an increasingly targeted area for Legal Challenge.</p>	<p>Communications are not performed in a uniform manner, not consistently worded, communicated or the tone are appropriate, leading to legal challenge. - EIAs due to constant changes and/or lack of centralised guidance around legislation give rise to non compliance. - Lack of legal expertise/appropriate resources.</p>	<p>Internal audits and assessments (EIAs) are performed to help ensure the Council meets the Public Sector Equality Duty. - On-going reviews of guidance and legislation are conducted. - Processes and procedures in place. - Staff are aware of duties and responsibilities. - Expert support eg HR, equalities, consultation and research, CPMO in place with supporting guidance. - Lessons learned/changes arising from any challenge outcomes continue to be communicated and use of external panel to review EIAs for spending reviews / budget - EIA templates recently reviewed and revised</p>	4	4	16	<p>- Continue to build organisational consulting and communication strategies. - Review processes and gap analysis to explore the exposure. - Review external practice e.g. from other Local Authorities, which have been deemed as best practice and implement locally as appropriate. - Ensure the correct resources, with the relevant skills and experience are allocated to roles. - Ensure HR support is available.</p>	4	3	12		Miranda Cannon	01/03/15 and ongoing





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<p><b>30. Housing</b> - Impact of Welfare Reform on Housing Rents Account (HRA) rental income collection. Universal Credit (UC) is to be fully implemented in 2017 . Under UC, claimants will receive all their benefits, including housing costs element the, directly themselves, monthly in arrears. They will have to pay their FULL rent out of this. The biggest challenge to the HRA will be to collect the full rent from those working age claimants whose housing costs are no longer paid directly to the Landlord (LCC) as they are now.</p>	<p>Higher numbers of tenants in rent arrears leading to loss of rental income will adversely affect the HRA income. Could lead to greater number of evictions.</p>	<p>Promote setting up of Credit Union Bank Accounts (CUBA) with tenants., Focus Supporting Tenants and Residents (STAR) team support on those affected. maximise the number of tenants claiming Discretionary Housing Payment for bedroom tax affected cases. Identified tenants who are over-occupying in order to help with down-sizing. Promotion/awareness to tenants of Discretionary Housing Payment. Income Management team strengthened. Amending Allocations policy to advise downsizing</p>	4	4	16	<p>Develop IT system to support paperless direct debits. Consider amending tenancy agreement for all new tenants to make it a requirement that they pay rent either by direct debit or Credit Union Budget Account.</p>	4	3	12		Ann Branson	30.11.2015 and ongoing

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<b>31. Learning Services</b> - Schools in Ofsted categories or below floor standard converted to academies by order of the secretary of state.  <span style="font-size: 2em; font-weight: bold;">173</span>	Schools no longer Local Authorities (LA) schools; impact on overall schools budget and reputation of authority. Difficult to maintain an overview of Children /young people that the LA continue to be responsible for.	School improvement strategy and LA support plans. School2School partnership are in place. Performance dialogue meeting between School Improvement Advisor and school leadership teams for every school in the City. Support and challenge is provided in inverse proportion to need.	4	5	20	Targeted support packages in place for schools in scope for conversion. Half termly progress checks through team around the school meetings Whole school reviews for those schools that are Requires Improvement or in Special Measures - outcome reported to governors and local authority	4	4	16		Margaret Libreri	Review 31.03.2015 and Ongoing
<b>32. Learning Services</b> - Leicester could be subject to a targeted Ofsted inspection with multiple inspections across schools followed by Local Authority (LA) inspection.	LA can provide evidence to support positive outcome but resource demands would be significant. Major issue about credibility of service which could increase the number of schools changing to academy status	School improvement reserve budget	4	4	16	Positive response to recommendations identified in peer review completion of a detailed Self Evaluation Form leading to a revised school improvement strategy. Close work between LA Officers, DFE & Ofsted representation to manage RI/SM schools	3	4	12		Margaret Libreri	Review 31.03.2015 and Ongoing

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<p><b>33. Public Health - Data Access and Sharing - Unresolved issues in national guidance on this matter. Pseudonymised Hospital Episode Statistics data for 10 years has not yet been released to us. No current access to birth and deaths (temporarily withdrawn) and risk will be there depending on how long Office of National Statistics takes to approve permissions. Regarding data from General Practitioners (Systemone)the requirements for a data agreement with all data owners. This process is complicated and detailed. Current access through Greater East Midlands Community Support Unit has not yet been activated for testing.</b></p>	<p>Offer a limited services in terms of core offer and other analyses required.</p>	<p>Audit Information Governance within Division to support move to Information Governance Toolkit Level 3 Division of Public Health is at Information Governance Toolkit Level 2. Awaiting national decisions either within the Department of Health, NHS England, Health and Social Care Information Centre and or the Information Governance Officer. Application made for births and deaths data.</p>	5	5	25	<p>More timely data being released nationally on line (aggregated - does not support analysis at lower level). Maintain Information Governance Toolkit Level 2 and work to Level 3. Awaiting national decisions either within the Department of Health, NHS England, Health and Social Care Information Commissioner and/or the Information Governance Officer (secondary care data). Follow up application to Office of National Statistics. Information agreements being drawn up for specific projects (for primary care data) Continue to chase</p>	5	4	20		Rod Moore	31.03.2015

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<b>34. Public Health-</b> Capability and Capacity- Recruitment of staff with special knowledge and expertise  <b>175</b>	Potential future succession planning issues. Less effective commissioning of specialist programmes Contracts are procured without the correct expertise/knowledge resulting in corrective action of legal costs. Agency and temporary staff to cover - additional costs	Adherence to Local Government Association/Public Health England guidance relating to recruitment of staff Job description written in a relevant way to attract target applicants. Pay scales broadly similar to National Health Service/market force.	4	4	16	Engage with Human Resources colleagues to understand and put in place steps to shape our recruitment offering to entice high calibre, relevant etc. candidates in future recruitment and enable successful succession planning Inc. protection of National Health Service pension arrangements Regarding the Consultant post job offer, in the interim a market increment will be applied for to ensure posts can be advertised closer to former NHS levels. In the longer term a higher substantive banding for the role will	4	4	16		Rod Moore	31.03.2015

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<b>35. Public Health-</b> Clinical Governance - There is currently a lack of clinical governance at a corporate level within the Local Authority. The Director of Public Health (DPH) has an assurance role however, the depth and levels of assurance allowing them to discharge their duties is currently unclear. In addition, to perform a robust assurance programme over all of the DPHs accountabilities would require significant investment/resource.	Potential risks to patients and the public. Quality of services may not be robust. Possible failure of external reviews/appraisals. Reputational Damage. Increase in costs.	-Clinical Governance Group has been set up to review and implement an effective clinical governance process etc. - Existing arrangements with stakeholder/providers; such as Clinical Commissioning Group, Leicestershire Partnership Trust etc. who are required to deliver clinical governance assurance. Contracts in place are based upon the National Health Service model and require an element of clinical governance to be adhered to and some assurance presented.	5	3	15	Continual on-going stakeholder engagement and development of existing and future relationships. Interim Clinical Commissioning Group in place as recipient of all Clinical Governance issues in Local Authority. Clinical Governance group reports quarterly to Divisional Management Team. Framework for Clinical Governance adopted	4	3	12		Rod Moore	31.03.2015

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<b>36. Public Health</b> Insufficient funding transferred to the LA on 1 October 2015 to meet the full cost of the School Nursing Service. Agreement has not been reached with NHS England regarding the level of resource to be transferred	Increased costs to the local authority Reputational risk through the LA being forced to reduce service levels to meet unfunded costs	- Health Visiting Transfer Group with LA has considered the issue and worked with NHS England to clarify scope and funding. On the advice of this group the City Council (along with Leicestershire and Rutland County Councils) has not signed-off the estimates provided by Public Health England. Detailed reasons have been submitted to NHS England.	5	4	20	No apparent controls available at this stage '- Local Government Association is representing on issue nationally Awaiting response through NHS England Area Team or directly from NHS England nationally at this stage. Final decisions about allocation will be made by the Department of Health	5	4	20		Rod Moore	30.03.2015
<b>37. Public Health</b> Public Health Performance Monitoring -Divisional performance issues not addressed	Reduction in the delivery of services to the public -Failure to meet previously specified plans and commitments '-Population health impacts	-Reporting the key issues from the performance review meetings at Lead Member briefings, along with recommendations to address poor performance where identified -Regular directorate performance review meetings established	4	4	16	Seek to improve monitoring systems	4	3	12		Rod Moore	30.03.2015





## Appendix 3 - Insurance Claims Data

### LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2014 - 31 January 2015

#### Claims received and being dealt with

Total Claims	Repudiated	In Progress	Paid	Amount Paid
583 (682)	310 (315)	191 (218)	82 (149)	£286867 (£352,962)

#### Breakdown by Area and Type of Claim

Division	Responsible Director	Claim Type					Total Number	£ Value
		Employers Liability	Public Liability	Professional Indemnity	Personal Injury	Motor		
Local Services & Enforcement	John Leach	1	29		9	66	105 (141)	108616
Plan, Trsport & Economic Dev.	Andrew L Smith	4	132		88	21	245 (362)	90263
Children, Young People and Families	Clair Pyper		3		3	2	8 (0)	2138
Housing	Ann Branson	8	120		31	75	234 (291)	61660
Adult Soc Care & Safeguarding	Ruth Lake	2	1		3	1	7 (2)	
Del, Comms & Pol Governance	Miranda Cannon					1	1 (3)	4841
Information & Cust Access	Jill Craig	1					1 (1)	
Property	Mark Lloyd		7		5		12 (11)	42
Comm and Business Dev	Vacant						0 (0)	
Learning Services (incl Schools)	Jane Winterbourne	4	8		10	5	27 (46)	18720
Finance	Alison Greenhill						0 (1)	
Legal Services	Kamal Adatia						0 (2)	
Culture & Neighbourhood Svcs	Liz Blythe	1	6		3	2	12 (13)	25
City Public Health & Health Imp	Rod Moore						0 (0)	
Care Svcs & Commissioning	Tracie Rees					2	2 (2)	462
	Total	21	306	0	152	175	654 (874)	286767

Last 12 months rolling repudiation rate - 77%

NOTE - Lots of files settled in October.

