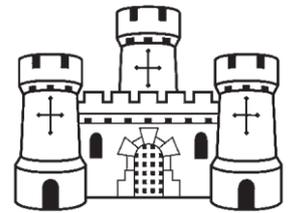


Public Document Pack

Date of meeting Monday, 22nd April, 2024
Time 7.00 pm
Venue Astley Room - Castle
Contact Geoff Durham



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Castle House
Barracks Road
Newcastle-under-Lyme
Staffordshire
ST5 1BL

Audit and Standards Committee

AGENDA

- 1 APOLOGIES**
- 2 DECLARATIONS OF INTEREST**
To receive Declarations of Interest from Members on items included in the agenda
- 3 MINUTES OF PREVIOUS MEETING** (Pages 3 - 6)
To consider the minutes of the previous meeting(s).
- 4 INTERNAL AUDIT CHARTER 2024** (Pages 7 - 30)
- 5 INTERNAL AUDIT PLAN 2024/25** (Pages 31 - 38)
- 6 COUNTER FRAUD ARRANGEMENTS 2024-25** (Pages 39 - 80)
- 7 CORPORATE RISK POLICY STATEMENT AND STRATEGY 2024/2025** (Pages 81 - 124)
- 8 EXTERNAL AUDIT PLAN & STRATEGY 2023-24** (Pages 125 - 150)
- 9 WORK PROGRAMME** (Pages 151 - 154)
- 10 URGENT BUSINESS**
To consider any business which is urgent within the meaning of Section 100B(4) of the Local Government Act 1972

Members: Councillors P Waring (Chair), Burnett-Faulkner (Vice-Chair), Holland, Whieldon, Stubbs, Brockie and Lewis

Members of the Council: If you identify any personal training/development requirements from any of the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Democratic Services Officer at the close of the meeting.

Meeting Quorums :- Where the total membership of a committee is 12 Members or less, the quorum will be 3 members....Where the total membership is more than 12 Members, the quorum will be one quarter of the total membership.

SUBSTITUTE MEMBER SCHEME (Section B5 – Rule 2 of Constitution)

The Constitution provides for the appointment of Substitute members to attend Committees. The named Substitutes for this meeting are listed below:-

Substitute Members:	Panter	Lawley
	Parker	Northcott
	Gorton	Reece
	S Jones	

If you are unable to attend this meeting and wish to appoint a Substitute to attend on your place you need to identify a Substitute member from the list above who is able to attend on your behalf

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

NOTE: IF THE FIRE ALARM SOUNDS, PLEASE LEAVE THE BUILDING IMMEDIATELY THROUGH THE FIRE EXIT DOORS.

ON EXITING THE BUILDING, PLEASE ASSEMBLE AT THE FRONT OF THE BUILDING BY THE STATUE OF QUEEN VICTORIA. DO NOT RE-ENTER THE BUILDING UNTIL ADVISED TO DO SO.

AUDIT AND STANDARDS COMMITTEE

Monday, 5th February, 2024
Time of Commencement: 7.30 pm

[View the agenda here](#)

[Watch the meeting here](#)

Present:	Councillor Paul Waring (Chair)	
Councillors:	Holland Whieldon	Stubbs Brockie
Apologies:	Councillor(s) Burnett-Faulkner and Lewis	
Substitutes:	Councillor Andrew Parker Councillor Philip Reece	
Officers:	Sarah Wilkes Clare Potts Anthony Harold	Service Director - Finance / S151 Officer Chief Internal Auditor Service Director - Legal & Governance / Monitoring Officer
Also in attendance:	Councillor Stephen Sweeney	Deputy Leader of the Council and Portfolio Holder - Finance, Town Centres and Growth

1. **APOLOGIES**

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

3. **MINUTES OF PREVIOUS MEETING**

Resolved: That the minutes of the meeting held on 13th November, 2023 be agreed as a true and accurate record.

4. **CORPORATE RISK MANAGEMENT REPORT**

The Service Director for Legal and Governance – Monitoring Officer presented the Corporate Risk Management report.

Members asked questions and responses were provided as follows:

- Cllr Reece asked if the lack of capacity referred to in paragraph 2.2.1 was related to staff sickness. – The Monitoring Officer would liaise with the author of the report and get back to members.
- Cllr Stubbs asked what steps were being taken to mitigate the risk referred to in paragraph 2.2.2 – The author of the report would be consulted and the

Audit and Standards Committee - 05/02/24

Monitoring Officer would get back to members. Cllr Holland commented that the Council had participated in a joint air quality group with the City Council and was doing what they could to mitigate the risk. It was to be noted that the issues mentioned in the report were complex, some of them involving international legal actions long with liaising with other authorities. The portfolio holder for Finance, Town Centres and Growth confirmed that the meetings were still taking place.

- Cllr Stubbs asked about 2.4.3 and how come that a civil servant had made the decision that the Council would be liable for something that they don't own. – The Chair commented that the Coal Authority needed remedial works to be carried out in March 2023 for the previous mining works to be dealt with under the railway station car parking around the station building. Funding were secured and the question of who would be liable amidst the various partners involved came as the answer wasn't obvious. The DFT was to find a solution and progress had been made over the Christmas season.

An update on the legal position of the Council would be provided to members by the Monitoring Officer outside of the public forum and upon request. Negotiations were ongoing and legal coverage was investigated in the event the Council would indeed be liable.

- Cllr Stubbs asked if a representative of the Council would be attending a scheduled meeting between partners. – Officers taking part in the project management had been involved in all meetings.
- Cllr Stubbs asked why Kidsgrove Town Council would be underwriting the Shared Service Hub. – It had been agreed that the Town Council would bear the responsibility of running the Shared Service Hub, which was separate from that of its construction.
- Cllr Stubbs asked if the report on the Coal Mining Risks due on 29th December 2023 had been received. – This was about drilling to assess whether there was anything that needed remediated before any construction took place. The Chair would investigate.

- Resolved:**
1. That there are currently no risks that are more than 6 months overdue for a review up to end of Q3 2023/24, be noted.
 2. That there have been 2 risk level increases, be noted.
 3. That there are no changes to the Corporate Risk Register, be noted.
 4. That the Kidsgrove Town Deal Risk Register and current position be noted.
 5. That officers be advised of any individual risk profiles that the Committee would like to scrutinise in more details at its next meeting.
 6. That whilst the likelihood of a risk materialising may be mitigated, the likely impacts may not change, be noted.

[Watch the debate here](#)

5. **INTERNAL AUDIT UPDATE QUARTER 3 2023/24**

The Chief Internal Auditor presented the Internal Audit Update for Quarter 2.

There were no questions from members.

Resolved: That the report be considered.

[Watch the debate here](#)

6. **FUTURE DELIVERY OF THE INTERNAL AUDIT SERVICE**

The Service Director for Finance (S151 Officer) presented the report on the delivery of the internal audit service going forward as the current contract was reaching the end of its term.

Cllr Stubbs asked if there was an opportunity for members to review the procurement exercise. – The scoring was split 50% for the quality of service and 50% for the price. This could be discussed further in private.

Resolved:

1. That the requirement of an Internal Audit Service be noted.
2. That the outcome of the procurement exercise to tender for an Internal Audit Service and Counter Fraud function provider be noted.

[Watch the debate here](#)

7. **VALUE FOR MONEY AUDIT REPORT**

The Chair introduced the item by informing members that preliminary work had been done with the new auditor from KPMG, based in Manchester and with long experience in the public sector.

The Service Director for Finance (S151 Officer) presented the Value for Money Audit report prepared by Grant Thornton.

Members asked questions and responses were provided as follows:

- Cllr Stubbs expressed his perplexity on a statement suggesting that the Scrutiny Committee may have more sight of risks than Cabinet members. – The Portfolio Holder and Deputy Leader responded that weekly meetings were taking place with the Deputy Chief Executive to ensure Cabinet members were kept up to date.
- Cllr Stubbs referred to the Savings Plans that were to be included in the MTFs in 2023 (page 49), if this had been done and would be going forward. – The savings had been included as part of the performance monitoring and was now a regular element in this quarterly report.
- Cllr Stubbs asked if there had been any progress in the recruitment of two independent members to join the Committee as recommended. – The recruitment process had started for these voluntary positions. Unfortunately there hadn't been much interest yet.

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- Cllr Stubbs asked if the value of lands and buildings had been overestimated as highlighted on the opinion on the financial statements and if so why the figure had not been corrected. – The figure wasn't wrong and had been obtained legitimately. The auditors were presenting a judgement based on local factors which did not invalidate the work undertaken in-house to do the valuation.

Resolved: That the report be noted.

[Watch the debate here](#)

8. WORK PROGRAMME

Resolved: That the work programme be noted.

[Watch the debate here](#)

9. URGENT BUSINESS

There was no urgent business.

**Councillor Paul Waring
Chair**

Meeting concluded at 8.19 pm

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO
AUDIT & STANDARDS COMMITTEE**

22 April 2024

Report Title: Internal Audit Charter 2024

Submitted by: Service Director for Finance (S151 Officer)

Portfolios: Finance, Town Centres and Growth

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<p>The Internal Audit Charter is a formal statement that defines the purpose, authority and responsibilities of Internal as well as confirming its relationships with key stakeholders as required by the UK Public Sector Internal Audit Standards (PSIAS). The Internal Audit Charter should be regularly reviewed and approved by the Audit & Standards Committee.</p>	
<u>Recommendation</u>	
<p>That Committee:</p> <p>1. Approve the Internal Audit Charter 2024.</p>	
<u>Reasons</u>	
<p>The Accounts and Audit Regulations 2015 include the statutory requirement for the provision of an effective internal audit. Compliance with the PSIAS which includes the need for an Internal Audit Charter demonstrates that an appropriate standard of audit provision is in place.</p>	

1. Background

1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1 April 2013 with the aim of promoting further improvement in the professionalism, quality, consistency, and effectiveness of internal audit across the public sector. These have been updated periodically since this date (last updated April 2017). A Local Government Application Note (LGAN) has also been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide further explanation and practical guidance on how to apply the standards. The LGAN has also been updated periodically (last updated March 2019).

- 1.2 The PSIAS are mandatory and apply to all public sector internal audit service providers, whether in-house, shared or outsourced and encompass the required elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework.
- 1.3 The Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) Standard 1000 require that the purpose, authority and responsibility of the internal audit activity must be defined formally in an Audit Charter. The Internal Audit Charter is a formal document setting out:
- internal audit's position within the organisation;
 - its reporting lines;
 - access to personnel, information and records;
 - the scope of internal audit activities; and
 - what the term Board means (e.g. the Audit and Standards Committee).
- 1.4 The Internal Audit Charter 2024 is attached as **Appendix 1** to this report.
- 1.5 The Internal Audit Charter 2024 covers all the requirements of the latest Public Sector Internal Audit Standards (last issued 2017); the latest Local Government Application Note (last issued March 2019) and the latest CIPFA statement regarding the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition) and also reflects current best practice.

2. Issues

- 2.1 Currently, whilst the Internal Audit Charter 2024 meets the requirements of the latest PSIAS, it should be noted, that on 9th January 2024, the International Internal Auditing Standards Board (IIASB) issued the new Global Internal Audit Standards. These standards guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. At the heart of the standards are 15 guiding principles which are supported by standards that contain (i) requirements; (ii) considerations for implementation; and (iii) examples of evidence of conformance. Together these elements are intended to help internal auditors achieve the principles and ultimately fulfil the purpose of internal auditing i.e. to strengthen the organisation's ability to create, protect and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight and foresight.
- 2.2 The standards apply to any individual or function that provides internal audit services, whether an organisation employs internal auditors directly, contracts them through an external service provider or both.
- 2.3 Following the publication of the new Global Internal Audit Standards, the UK Public Sector Internal Audit Standards Advisory Board (IASAB) begun its review of them. The IASAB will determine the implications for the PSIAS and will develop proposals for revised material which will be suitable for the UK public sector context. Any subsequent changes to the UK's PSIAS, and their implementation, will be subject to consultation and appropriate transitional arrangements. Also, the CIPFA Internal Audit Special Interest Group met on

4th March 2024 to consider the need for an updated LGAN and/or other guidance to support them and the outcome of this meeting is awaited. Application of the new Global Internal Audit Standards is required by 9th January 2025 and early adoption is being encouraged.

2.4 Any subsequent changes to the Internal Audit Charter will be made once further guidance has been issued by the IASAB and CIPFA.

3. Recommendation

3.1 That Committee approve the Internal Audit Charter 2024.

4. Reasons

4.1 By reviewing and approving the Internal Audit Charter, the Committee is supporting the Internal Audit Service in demonstrating compliance with the PSIAS and the provision of an effective internal audit.

5. Options Considered

5.1 The Internal Audit Charter being presented to the Committee is in a new format similar to the one adopted for Staffordshire County Council and reflects the scope of work undertaken by Staffordshire County Council's Internal Audit service, the standards it adopts and the way in which it intends to interface with the Council.

6. Legal and Statutory Implications

6.1 Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 require specifically that a relevant body must 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

6.2 Section 151 of the Local Government Act 1972 states that every local authority should make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'.

7. Equality Impact Assessment

7.1 There are no equality impact issues identified from this proposal.

8. Financial and Resource Implications

8.1 Delivery of the Internal Audit Plan 2024/25 to the required standards will be carried out within the agreed price specified in the agreement with Staffordshire County Council for the Provision of Internal Audit services which is in line with the budgeted cost.

9. **Major Risks & Mitigation**

- 9.1 The key risk to be considered in reviewing the attached Internal Audit Charter is that the document does not conform to the PSIAS in relation to its content.
- 9.2 The risk is mitigated by the fact that the Internal Audit Charter presented to the Committee is similar in format to that produced for Staffordshire County Council's Internal Audit Service which has been subject to an external quality assessment last year (January 2023) and was found to conform to the PSIAS.

10. **UN Sustainable Development Goals (UNSDG)**

- 10.1 The Internal Audit arrangement with Staffordshire County Council supports UNSG and climate change objectives in a number of ways. Principally, through partnership working and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.



11. **Key Decision Information**

- 11.1 This report is not a key decision as defined by the Council's Constitution

12. **Earlier Cabinet/Committee Resolutions**

- 12.1 There are no earlier cabinet decision relating to this report.

13. **List of Appendices**

- 13.1 Internal Audit Charter 2024

14. **Background Papers**

- 14.1 Public Sector Internal Audit Standards – revised with effect from 1st April 2017.
- 14.2 Local Government Application Note – with effect from 1st March 2019
- 14.3 Accounts and Audit (England) Regulations 2015.
- 14.4 CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).
- 14.5 New Global Internal Audit Standards 9th January 2024

Internal Audit Charter

2024



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The Charter is a mandatory requirement of the UK Public Sector Internal Audit Standards (2017) and CIPFA's Local Government Application Note (2019). Also, this document considers the requirements of the CIPFA statement regarding the Role of the Head of Internal Audit in Public Sector Organisations (2019 Edition)

1. Introduction

This charter defines for the internal audit activity of Newcastle Under Lyme Borough Council (the Council), its purpose, authority and responsibilities consistent with the requirements of the Public Sector Internal Audit Standards (PSIAS). It also aims to confirm relationships with key stakeholders. It is subject to annual approval by the Board¹.

Internal Audit has limited resources and therefore its workforce is deployed in accordance with the annual Audit Strategy having regard to relative risks and levels of assurance required, translated into an agreed annual Audit Plan and delivered through individual audit assignments. This is agreed by the Board each year.

The Audit Charter should be read in conjunction with the relevant sections of Financial Regulations of the Council (Appendix A refers).

2. Mission and Core Principles of Internal Audit

The mission of Internal Audit articulates what it aspires to accomplish within an organisation. The mission statement below is that included within the updated PSIAS issued in April 2017.

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

In addition, a set of core principles, detailed below, have also been developed which taken as a whole, articulate internal audit effectiveness. For an Internal Audit function to be considered effective, all principles should be present and operating effectively.

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive and future-focused.
- Promotes organisational improvement.

¹ The Audit & Standards Committee is referenced in the PSIAS as the Board.

3. Purpose, Authority and Responsibility

Purpose

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, controls and governance processes (*UK Public Sector Internal Audit Standards and CIPFA Local Government Application Note*).

Authority

The authority for the Internal Audit function is derived from legislation and the Council. The requirement for an Internal Audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs". The Accounts and Audit (England) Regulations 2015, specifically require that a relevant body 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Proper internal audit practices for Local Government are defined as constituting adherence to the requirements of both the UK Public Sector Internal Audit Standards and CIPFA's Local Government Application Note. These requirements are mandatory; instances of non-conformance must be reported to the Board as part of the Chief Internal Auditor's (CIA's) annual outturn report. The Service Director - Finance (S151) has been delegated with this requirement by the Council.

Responsibility

The CIA is required to provide an annual opinion to the Council and to the Service Director – Finance (s151) through the Audit & Standards Committee, on the adequacy and effectiveness of the risk management, governance and control environment for the whole organisation and the extent it can be relied upon, in line with the Accounts and Audit (England) Regulations 2015. To achieve this, the Internal Audit function has the following objectives:

- To provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources.
- To provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
- To provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

- To provide assurance that significant risks to the Council's objectives are being managed. This is achieved by annually assessing the adequacy and effectiveness of the risk management process.
- To provide advice and support to management to enable an effective control environment to be maintained.
- To promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.
- To investigate, in conjunction with the appropriate agencies when relevant, allegations of fraud, bribery and corruption.
- To evaluate whether the information technology governance of the Council supports its strategies and objectives.

4. Scope

The Council's Internal Audit function is provided by Staffordshire County Council's in-house team supported by additional resources procured via an external support framework contract. The scope of the function includes the review of all activities (financial and operational) and the entire control environment of the Council. In addition to its Council internal audit work programme (the annual Audit Plan), the Internal Audit Section currently:

- Evaluate the reliability and integrity of information and the means used to identify, measure, classify, and report such information;
- Evaluate the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation;
- Evaluate the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Evaluate the effectiveness and efficiency with which resources are employed;
- Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- Evaluate the potential occurrence for fraud as part of the audit engagements;
- Monitor and evaluate governance processes;
- Monitor and evaluate the effectiveness of the organisation's risk management processes;

- Monitor the degree of coordination of Internal Audit and external audit;
- Perform consulting and advisory services related to governance, risk management and control as appropriate for the organisation;
- Report periodically on the Internal Audit activity's purpose, authority, responsibility, and performance relative to its plan;
- Report significant risk exposures and control issues, including fraud risks, governance issues, and other matters to the Board;
- Evaluate specific operations at the request of management, as appropriate;
- Support management upon the design of controls at appropriate points in the development of major change programmes.
- provide assurance to the Council on third party operations (such as contractors and partners) where this has been provided for as part of the contract documentation.

Furthermore, the CIA has overall responsibility for providing assurance over the adequacy and effectiveness of the organisation's framework of governance and risk management and the work of Internal Audit feeds into the Annual Governance, where appropriate.

In accordance with the PSIAS, most individual audits are undertaken using the risk-based systems audit approach, the key elements of which are listed below:

- Identify and record the objectives, risks, controls and tests;
- Establish the extent to which the objectives of the system are consistent with corporate priorities and to link audit work programmes to the Council's priorities and principles of the Council, where relevant;
- Evaluate the controls in principle to decide whether they are appropriate and can be reasonably relied upon;
- Identify any instance of over/under control;
- Determine an appropriate strategy to test the effectiveness of controls;
- Arrive at a conclusion and produce a report leading to management actions and provide an opinion on the effectiveness of the control environment.

Where possible Internal Audit will seek to identify and place reliance on assurance work completed elsewhere within the Council's areas of responsibility as part of the planning process. In addition, Internal Audit will as part of the audit plan contribute to the development of an assurance framework for the Council.

Internal Audit may undertake consulting activities. The Institute of Internal Auditors (IIA) defines consulting as 'Advisory' and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming responsibility'. See section 5 regarding Audit Independence.

Internal Audit does not undertake value for money studies routinely unless specifically requested.

The CIA cannot be expected to give total assurance that control weaknesses or irregularities do not exist. Managers are fully responsible for the quality of internal control and managing the risk of fraud, corruption and potential for bribery within their area of responsibility. They should ensure that appropriate and adequate control and risk management processes, accounting records, financial processes and governance arrangements exist without depending on internal audit activity to identify weaknesses.

Fraud and Corruption Related Work

The role of the Chief Executive, Service Directors and Business Managers in relation to the reporting of all instances of potential and actual irregularity affecting the finances of the Council is documented in both the Anti-Fraud and Anti-Corruption Framework and Fraud Response Plan which is reviewed and approved annually.

The internal audit role and the counter fraud roles that internal auditors will be involved in, relating to fraud and corruption work are broken down into three divisions:

- Core internal audit roles that all internal auditors should include in their risk-based approach;
- Counter fraud roles that internal audit can undertake without compromising audit independence;
- Counter fraud roles where internal audit may provide consultancy or advisory services, with safeguards.

Core Internal Audit role - The primary role of Internal Audit is to provide assurance on counter fraud arrangements and fraud risks in accordance with the standards.

The Internal Audit Section as part of its activity will evaluate the potential for the occurrence of fraud and how the Council manages its fraud risk (standard 2120.A2). To enable this, the CIA will ensure that individual internal auditors have sufficient knowledge of fraud risks and fraud risk management practice (standard 1210.A2). Fraud risks that are covered within standard audit work programmes are identified within the Pentana Audit System. Controls within audit work programmes are also categorised as either preventative type controls or detective type controls.

Supporting counter fraud roles – The Internal Audit Section may also take on additional roles or undertake work as part of an advisory or consultancy role to support or promote the development of effective counter fraud practice in the Council. In these instances, the CIA will ensure that internal auditors have adequate proficiency to undertake the activity (standard 1210.A2). Any impairment to independence or objectivity will also be identified and managed prior to the work commencing (standard 1000).

The Internal Audit Section will carry out a thorough investigation of all potential and actual irregularities in accordance with the Section's Fraud Manual. For employee related frauds, the investigation is dealt with under the Council's Staff Disciplinary

Procedure and upon conclusion; the matter may be referred to the Police in accordance with Council Policy. It should be noted that if the offence committed is serious and/or high value, the matter may be referred to the Police prior to the disciplinary proceedings being concluded. In these instances, the Police will be made aware of the Council's on-going investigations. It is not the normal practice of Internal Audit to issue formal cautions to suspects under the Police and Criminal Evidence Act (P.A.C.E.) 1984.

The Counter Fraud Manager will consult the Section 151 Officer, Service Director, and the Service Director for Strategy, People and Performance to determine whether any matter should be referred to the Police for criminal investigation. This is in accordance with the Fraud Response Plan.

A Counter Fraud Plan is produced and reviewed on an annual basis. In addition to the investigation of potential irregularities, work is undertaken to promote an anti-fraud culture, which may include.

a) Creation of an Anti-Fraud Culture:

- Raising fraud awareness via anti-fraud communications and other communications in year;
- Promotion of the Fraud e-learning package.
- Adherence to the recommendations contained in the Fighting Fraud Locally Strategy and the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
- Promotion of anti- fraud Campaigns to raise awareness in conjunction with the Staffordshire Counter Fraud Partnership.

b) Deterrence

- Publicise both local and national cases of proven fraud within the Council.

c) Prevention

- A programme of continuous controls monitoring (CCM) is carried out throughout the year to identify 'red flags' for further investigation using our data analysis and file interrogation solution, IDEA. Areas susceptible to fraud are monitored on an on-going basis. Areas where CCM is utilised include creditor payments, purchasing card transactions, mileage and expenses claims and casual hours claims and overtime.

d) Detection

- Participation in the Cabinet Office's national fraud initiative data matching exercise.

e) Investigation

- Hotline monitoring and intelligence gathering.
- Investigations of all areas of concern identified through routine audit, reported to management or via whistleblowing communication channels.

5. Stakeholder Roles and Audit Independence

The Audit & Standards Committee will fulfil the role of the Board for the Council. For this purpose, the Board is defined in the PSIAS/LGAN as ‘the highest level of governing body charged with the responsibility to direct and/or oversee the activities and hold senior management of the organisation accountable. Typically, this includes independent Directors. Board may refer to an audit committee to which the governing body has delegated certain functions.’

The CIA reports to the Service Director – Finance (S151). Section 151 matters are reported in all instances to the Service Director - Finance who reports to CLT for all Section 151 matters.

The extent of non-Council related audit work undertaken by the Section shall be limited to that defined within the Audit Strategy unless approved otherwise by the Service Director – Finance (S151).

Internal Audit is not responsible for the detailed development or implementation of new systems but may be consulted during the system development process on the control measures to be incorporated in new or amended systems. To maintain independence, the Auditor who was involved in the ‘consultancy style exercise’ will not take any further part in the audit process. Any significant ‘consultancy’ activity not already included in the annual Audit Plan which may impact on the ability to provide the required assurance opinion will be reported to the Audit & Standards Committee for approval. The nature and scope of this type of work includes facilitation, process and/or control design, training, advisory services and risk assessment support.

As a Condition of Service, all employees are expected to maintain conduct of the highest standard such that public confidence in their integrity is maintained. This includes declarations of interest, as appropriate (*organisational level*). Furthermore, all directly employed audit staff are required to make an annual declaration to ensure that Auditors objectivity is not impaired and that any potential conflicts of interest are appropriately managed in line with the requirements of the Code of Ethics within the PSIAS and the Nolan Committee’s Standards on the Seven Principles of Public Life (*individual auditor level*). In addition, all staff complete an audit declaration as part of each review which requires any conflicts of interest or impairments to be disclosed (*individual engagement level*).

All Internal Audit Contractor staff are also required to declare any potential conflicts of interest at the start of any assignment to the CIA.

6. Audit Reporting

Assurance is provided on the organisation’s risk management, governance and internal control processes to confirm that they are operating effectively. Audit assurance opinions are awarded on the completion of audit reviews reflecting the efficiency and effectiveness of the controls in place. Audit opinions are ranked either as; Substantial Assurance, Adequate Assurance or Limited Assurance. Recommendations made will be ranked as; High, Medium or Low depending upon the relative importance of the audit finding. The methodology used is attached at **Appendix B**.

Work undertaken by Internal Audit will normally be concluded by the production of a formal written report to the respective individuals detailed below, dependent on the nature of the review and the opinion category.

Distribution	High Risk Reviews (Substantial Assurance / Adequate Assurance)	High Risk Reviews (Limited Assurance)	Other Reviews (Limited Assurance)	Major Irregularity / Special Investigation – (loss > £10,000)	Other Reviews (Substantial Assurance / Adequate Assurance)
Operational Manager	●	●	●	●	●
Corporate Leadership Team	●	●	●	●	●
Relevant Cabinet Member	●	●	●	●	
Cabinet Member for Finance, Town Centres & Growth	●	●	●	●	
Audit & Standards Committee Members	●	●	●	●	

7. Role of the Head of Internal Audit (CIA)

The CIA must be a suitably professionally qualified individual who has the appropriate skills, knowledge, experience and resources to effectively perform in the role. They should also ensure that they take part in continuing professional development activities to remain up to date with developments within Internal Audit.

The CIA must establish an environment of trust, confidence and integrity in the work of the Internal Audit Section within the Council.

The CIA will have direct access to the Service Director - Finance, Monitoring Officer (Service Director – Legal & Governance), Head of Paid Service (Chief Executive), Audit & Standards Committee Chairman and Members as required.

The CIA will brief the Audit & Standards Committee Chairman regarding the content of Audit & Standards Committee agenda papers, including agreeing future agenda items and potential areas for training.

The CIA will contribute to the review of the Audit & Standards Committee effectiveness, advising the Chair of any suggested improvement.

The CIA is responsible for the overall development of the Audit Strategy and annual Internal Audit Plan, which demonstrates value for money to the organisation.

The UK Public Sector Internal Audit Standards require the CIA to report at the top of the organisation and this will be achieved by:

- The Internal Audit Strategy and Charter; including any amendments to them are reported to the Audit & Standards Committee annually for formal approval.

- The annual Internal Audit Plan is produced by the CIA taking account of the Council's risk framework and after input from Members of Corporate Leadership Team (CLT) and the Council's External Auditor. It is then presented to CLT and subsequently Audit & Standards Committee for endorsement prior to approval by the Service Director – Finance (S151).
- The adequacy, or otherwise of the level of internal audit resources (as determined by the CIA) and the independence of internal audit is reported annually to the Audit & Standards Committee. The approach to determining resources required is outlined in the Internal Audit Strategy.
- Performance against the Internal Audit Plan and any significant risk/control issues arising are reported to the Audit & Standards Committee.
- Annually to report the results of the quality assurance exercise to the Audit & Standards Committee.
- The CIA ensures that the requirements of the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note are met in full and adherence, together with any areas of non-conformance to these requirements reported as part of the annual review of the effectiveness of internal audit report to the Audit & Standards Committee. This will incorporate where the CIA has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be put in place to limit impairments to independence or objectivity.

The CIA should be consulted on all proposed major projects, programmes and policy initiatives. This is achieved through the linkage with the Senior Managers and forms a key part of the annual Audit Plan. Business as Usual change projects are evaluated as part of the annual risk assessment planning process to determine the annual Internal Audit Plan.

The CIA should be consulted on proposed changes to the following key policy documents:

- a. Financial Regulations
- b. Procurement Regulations
- c. Anti –Fraud and Anti-Corruption Framework
- d. Fraud Response Plan
- e. Whistleblowing policy
- f. Anti-Money Laundering Policy and Guidance
- g. Officers' Code of Conduct
- h. Risk Management Policy

Where partnership/ joint venture/ outsourced and shared service arrangements exist that require joint working with other organisations and their respective auditors, the CIA will produce a protocol outlining the respective roles and responsibilities of each partner, access to working papers, confidentiality and sharing of audit reports including reporting to Audit & Standards Committee (where appropriate).

In instances, where services are provided by third parties, the CIA must ensure that suitable clauses are included within Contract documentation to ensure that internal audit retains the right of access to documents/ personnel and systems as and when required.

8. Role of the Service Director - Finance (Section 151 Officer)

The Service Director - Finance has overall delegated responsibility from the Council for the Internal Audit function. Following consultation with the Corporate Leadership Team and the Audit & Standards Committee they will approve the annual Audit Plan.

The Service Director - Finance will ensure that they are periodically briefed by the CIA on the following:

- Overall progress against the annual Audit Plan;
- Those audit areas where a “Limited Assurance” opinion has been given;
- Progress on the implementation of all “high” level audit recommendations; and
- Progress on all fraud and irregularity investigations carried out by the Internal Audit Section.

Following on from the above, the Service Director - Finance will ensure that update reports are reported regularly to the Audit & Standards Committee, to include an annual outturn report.

9. Role of Corporate Leadership Team Members

For the purposes of the UK Public Sector Internal Audit Standards, the Council’s Corporate Leadership Team (CLT) performs the role of the ‘senior management’.

All Internal Audit reports referred to above will receive consideration by CLT prior to the formal distribution of the draft report. This includes any fraud and corruption related exercises.

To assist the discharge of those responsibilities defined at **Appendix A**, CLT Members may appoint a senior officer to act as the first point of contact between Internal Audit and their area of responsibility.

The CIA will present the annual Internal Audit Plan and Audit Strategy to CLT members for their consideration and endorsement. The annual outturn report, together with the overall opinion of the Organisation’s control environment will also be circulated to CLT, where appropriate.

CLT Members are also responsible for ensuring that staff within their areas participate fully in the audit planning process and actively enforce the implementation of agreed audit recommendations by the required date. The quality of these relationships impacts on the effective delivery of the internal audit service, its reputation and independence. Co-operative relationships with management can enhance Internal Audit’s ability to achieve its objectives.

10. Responsibilities of the Audit & Standards Committee

The Audit & Standards Committee is a key component of the Council’s governance framework. Their role is to operate as ‘those charged with governance’ and provide independent assurance on the adequacy of the risk management framework, the

internal control environment and the integrity of the financial reporting and annual governance processes. For the purposes of the UK Public Sector Internal Audit Standards, the Audit & Standards Committee performs the role of the 'Board'.

Following consideration, Members of the Audit & Standards Committee have determined that they wish to receive the following documents:

- The annual Audit Strategy & Plan;
- The Internal Audit Charter;
- The annual assessment of Internal Audit to ensure that it meets the requirements set out in the Accounts and Audit Regulations 2015 and UK Public Sector Internal Audit Standards;
- The results of the external assessment of Internal Audit which must be performed every 5 years.
- Regular updates on progress against High Level Recommendations;
- Periodic progress reports and the annual outturn report including results of anti-fraud and corruption work / special investigations;
- Copies of the Fraud-Watch Publication (as appropriate);
- A copy of the audit report for those reviews given an opinion of "Limited Assurance";
- A copy of the audit report for all major special investigations (i.e. those areas where the potential loss is greater than £10,000);
- A copy of the audit report/ briefing note for those reviews awarded the greatest risk score irrespective of opinion (The top risk areas within the Audit Plan).
- The Annual Governance Statement (AGS) prior to approval to consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
 - A copy of the audit report for those reviews relating to the governance and assurance arrangements for significant partnerships and/or collaborations.
 - A copy of the Council's Assurance Framework relating to key risk areas.

Note

Notwithstanding the above, all audit reports will be made available to members of the Audit & Standards Committee (either individually or collectively) upon request.

Members of the Audit & Standards Committee will agree key performance targets for the Internal Audit Section and ensure that they are reported upon as part of the annual outturn report and the review of the effectiveness of internal audit. Currently these are:

- Draft reports have been issued for at least 90% of the annual Audit Plan.
- Average score for quality questionnaires from auditees is equal to or exceeds the 'good' standard.

The Audit & Standards Committee will publish an annual report on its work including performance in relation to the terms of reference and effectiveness in meeting its purpose.

11. Relationship with External Audit

Internal Audit will liaise with the external auditors of the Council to:

- Foster a co-operative and professional working relationship;
- Eliminate the incidence of duplication of effort;
- Ensure appropriate sharing of information; and
- Co-ordinate the overall audit effort.

12. Due Professional Care

Since April 2013, the Internal Audit Section (including its external providers) has operated in accordance with the professional standards and practice statements included within the UK Public Sector Internal Audit Standards (Revised 2016 and 2017) and the CIPFA Local Government Application Note (Revised 2019). Instances of non-conformance with the standards must be reported to the Audit & Standards Committee.

To demonstrate that due care has been exercised, the internal auditor is expected to:

- Exercise due professional care based upon appropriate experience, training, ability, integrity and objectivity;
- Apply confidentiality as required by law and best practice;
- Obtain and record sufficient audit evidence to support their findings and recommendations;
- Show that audit work has been performed competently and in a way that is consistent with applicable audit standards; and
- Consider the use of technology-based audit and other data analysis techniques.

13. Quality Assurance

The CIA maintains a Quality Assurance and Improvement Programme to review all aspects of activity of the Internal Audit Section (including its external providers) to provide reasonable assurance that its work conforms with the relevant standards and to the requirements of this document. An external assessment will be undertaken at least once every five years by a suitably qualified, independent assessor as required by the Public Sector Internal Audit Standards. The timing, form of the assessment, qualifications of any external assessor, results and any resultant improvement plans will be agreed with and reported to the Audit & Standards Committee in the annual report. Significant deviations will be considered for inclusion in the Annual Governance Statement.

14. Audit Processes

An Audit Manual is maintained detailing the procedures to be followed at each stage of the audit process including instruction documents, guidance and videos guides for the operation of the Audit Management System, Pentana Audit. The content of the Manual will be reviewed regularly and will include details of the arrangements to be followed in the event of suspected irregularities. The CIA shall periodically ensure adherence to its content. CLT Members will be consulted on any significant changes to the Manual.

A Data Utilisation Strategy is in place which outlines a vision of how the Internal Audit Service will use available data sources and analytics to enhance efficiency, reduce key risks and facilitate the Council in effectively making best use of data sources available.

15. Use of and the Processing of Data

Internal Audit is entitled to conduct its duties in line with its Charter and will review, appraise and report on the governance risk management, internal control and counter fraud environment. The provision of internal audit services may involve the processing of personal data. In respect of this, new data protection legislation came into force from the 25th May 2018, which aims to protect the privacy of all UK and EU citizens and prevent data breaches.

The Internal Audit Service is aware of the requirements of the UK GDPR & Data Protection Act 2018 and ensures that it complies with the requirements contained within the Act.

The Internal Audit Service shall be provided in accordance with the contract between Staffordshire County Council (SCC) and Newcastle Under Lyme Borough Council (NuLBC) as specified within sections 11 to 13 of the signed and sealed contract.

NuLBC's core data protection obligations and commitments are set out in the Council's main privacy notice.

[Privacy notice – Newcastle-under-Lyme Borough Council \(newcastle-staffs.gov.uk\)](https://www.newcastle-staffs.gov.uk/your-council-and-democracy/Report-fraud-bribery-and-theft/Online-reporting-form.aspx)

Also, Internal Audit may collect data from the public directly via a fraud referral e-form. The information provided on this form is subject to the provisions of the UK GDPR & Data Protection Act 2018. It may be used for purposes relating to the investigation of crime or misuse of resources, including liaison with the police, and for the purpose of performing other statutory enforcement duties. Also, the Council may share information provided to it with other bodies for the purpose of prevention, or detection of crime. The privacy notice covering the collection of personal data via the fraud referral e-form can be found using the attached link.

<https://www.staffordshire.gov.uk/Your-council-and-democracy/Report-fraud-bribery-and-theft/Online-reporting-form.aspx>

FINANCIAL REGULATION D4-D7 – RISK MANAGEMENT AND CONTROL OF RESOURCES

Internal Control, Audit Requirements & Preventing fraud and corruption

D4. Internal Controls

D4.1 The Section 151 Officer and Service Director Legal and Governance are responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes, regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

D4.2 It is the responsibility of Service Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

D5. Internal Audit

D5.1 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015 more specifically require that a “relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

D5.2 The Public Sector Internal Audit Standards (PSIAS) defines Internal Audit as “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”.

D5.3 This function can be delivered by a team internal to the council or it can be contracted out under the supervision of the Section 151 Officer.

D5.4 The Accounts and Audit Regulations 2015 require the council to review the effectiveness of its governance framework, including the system of internal control, on an annual basis and report the results in an Annual Governance Statement. This statement must provide a description of the governance framework within the council, a description of any work undertaken to assess its effectiveness and any significant governance weaknesses identified.

D5.5 To contribute to the production of the Annual Governance Statement, the Section 151 Officer is responsible for planning and delivering a programme of independent review of the council’s activities, the scope of the programme being based on the council’s

objectives and an assessment of the risk, which may affect the achievement of these objectives.

D5.6 The Section 151 Officer is also responsible for reporting to those charged with governance and can satisfy this requirement by presenting an annual report to the Audit and Standards Committee, summarising the audit plan for the coming year and a commentary on audit activity which is completed or in progress. Quarterly reports setting out progress against the annual audit plan and delivery against its key performance indicators are also taken to the Audit and Standards Committee. In addition, any matters of material importance in relation to audit matters are also reported to Cabinet and the Audit and Standards Committee.

D5.7 Audit staff will have full access to all premises, staff, assets, records and third party fund transactions as is necessary to conduct their reviews. With regards to organisations participating in partnering arrangements, including alternative delivery vehicles where provided for in the contract or service level agreement, audit staff shall have such access to premises, staff, assets and records of the partner as is necessary for the purposes of the partnering arrangement.

D5.8 Partners will be required to grant reasonable access when requested and details of such access should be agreed with the partner and set down in the partnering agreement. Where the right of access has not been specified in existing arrangements then appropriate discussions with partners should take place. Similar rights of access should be determined as part of the establishment of any alternative service delivery vehicles, and should be similarly agreed and documented in the contract or service level agreement.

D6. External Audit

D6.1 The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.

D6.2 The Local Audit and Accountability Act 2014 (the Act) established new arrangements for the audit and accountability of relevant authorities and these new arrangements include the ability for local authorities to appoint their own local (external) auditors via an 'auditor panel'. An auditor panel can be established individually or jointly with one or more other authority.

D6.3 The Council may, from time to time, also be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

D7. Preventing Fraud and Corruption

D7.1 The Section 151 Officer is responsible for the development and maintenance of an Anti-Fraud and Corruption Strategy.

D7.2 The Council has an approved Anti-Fraud and Corruption Strategy that places responsibility for maintaining an anti-fraud culture with all Members, managers and individual members of staff. Any matters which involve, or are thought to involve,

any fraud or other significant irregularity involving council assets or those of a third party fund, must be notified immediately to the Section 151 Officer, in conjunction with other Officers detailed in the council's Anti-Fraud and Corruption Strategy, who will decide what steps are necessary.

D7.3 In line with the Anti-Fraud and Corruption Strategy, the Service Director Legal and Governance in his/her role as Monitoring Officer will, in consultation with the appropriate Service Directors, decide whether any matter under investigation should be referred to the Police or appropriate enforcement agency.

AUDIT OPINIONS

Recommendation Risk Ratings

At the conclusion of each audit, control weaknesses are rated based on their potential impact against the organisation, and likelihood of any associated risks occurring.

The scoring matrices below are used by Auditors as a guide to assessment of each control weakness, and therefore generating the priority rating of the resultant recommendation.

Priority ratings may subsequently be adjusted; for example, in a minor system with a total budget of £100,000, financial loss of £5,000 would be considered more a more significant risk to system objectives than the matrix below would initially suggest.

Impact Ratings

Risk Type	Marginal 1	Significant 2	Fundamental 3	Catastrophic 4
Financial	Lack of VFM or overspend resulting in a financial loss below £10,000	Lack of VFM or overspend resulting in a financial loss between £10,000 and £100,000	Lack of VFM or overspend resulting in a financial loss between £100,000 and £0.5m	Lack of VFM or overspend resulting in a financial loss in excess of £0.5m
Reputation	Adverse publicity unlikely (e.g. Just can't demonstrate that probity has been observed.)	Needs careful public relations (e.g. Minor theft of property or income.)	Adverse local publicity (e.g. Minor fraud case.)	Adverse national publicity (e.g. Major fraud or corruption case.)
Legal/Regulatory	Breaches of local procedures / standards	Breaches of regulations / standards	Breaches of law punishable by fines only	Breaches of law punishable by imprisonment
Legal/Regulatory	Not an issue that would interest the External Auditors	An issue that may require further checks to satisfy the External Auditor that control is sufficient.	Would warrant mention in the Annual Audit Letter or Annual Governance Statement (AGS).	Could lead to qualification of Council's Statement of Accounts
Legal/Regulatory	Unlikely to cause complaint / litigation	High potential for complaint, litigation possible	Litigation to be expected	Litigation almost certain and difficult to defend
Performance	Doesn't materially affect a departmental performance indicator or service objective.	Has a material adverse affect on a departmental/corporate performance indicator or service objective.	Could adversely affect a number of departmental/corporate performance indicators or could seriously damage Departmental objectives / priorities.	Could call into question the Council's overall performance framework or seriously damage a Council objective / priority.
Service Delivery	Doesn't affect any identified objectives	Adversely affects a service objective	Seriously damage Departmental objective / priority	Seriously damage any Council objectives / priorities
Service Delivery	No significant disruption to service capability	Short term disruption to service capability	Short term loss of service capability	Medium term loss of service capability
Service Delivery	No more than 3 people involved	No more than 10 people involved	Up to 50 people involved	More than 50 people involved
Health & Safety	No injuries beyond "first aid" level	Medical treatment required - long term injury	Extensive, permanent injuries; long term sick	Death

Likelihood ratings:

Risk Score	Description	Example Detail Description
5	Very Likely	Likely to occur within a year / Over 80% Probability of Likelihood
4	Likely	Likely to occur within 1 to 3 Years / 60%- 80% Probability of Likelihood
3	Possible	Likely to occur within 3 to 5 Years / 40%-60% Probability of Likelihood
2	Unlikely	Likely to occur within 5 to 10 Years / 20%-40% Probability of Likelihood
1	Remote	Likely to occur greater than 10 Years / Less than 20% Probability of Likelihood

Priority Ratings Matrix

Catastrophic	I m p a c t	4	4	8	12	16	20
Fundamental		3	3	6	9	12	15
Significant		2	2	4	6	8	10
Marginal		1	1	2	3	4	5
			1	2	3	4	5
			Likelihood				
			Remote	Unlikely	Possible	Likely	Very Likely

Risk Score		Recommendation Rating
>=	<	
1	5	Minor Priority
6	10	Low Priority
10	13	Medium Priority
15	21	High Priority

Internal Audit Assurance Ratings

Each Internal Audit report completed provides a level of assurance of; Limited, Adequate or Substantial Assurance. The following table is a guide to how assurance levels are determined. Dependent on the nature of the recommendations raised, the auditor may increase or decrease the level of assurance provided. For example a single very significant control weakness may give rise to only one recommendation, but severely compromise the effectiveness of a system and therefore result in a limited assurance report, or on occasion an audit may give rise to recommendation numbers close to the thresholds shown below for two or more categories of recommendation.

Assurance Level	Typical Findings
Limited	Either: 2+ high priority recommendations, 8+ medium priority recommendations, or 13+ low priority recommendations
Adequate	Either: 1 high priority recommendation, 3-7 medium priority recommendations, or 7-12 low priority recommendations
Substantial	0 high priority recommendations, 0-2 medium priority recommendations, and 0-6 low priority recommendations



NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO**

**Audit & Standards Committee
22 April 2024**

Report Title: Internal Audit Plan 2024/25

Submitted by: Service Director for Finance (S151 Officer)

Portfolios: Finance, Town Centres and Growth

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
To inform Members of the proposed Internal Audit Plan for 2024/25 and to seek their approval on its contents.			
<p><u>Recommendation</u></p> <ol style="list-style-type: none"> In accordance with the Committee's terms of reference, the Internal Audit Plan for 2024/25 be approved. The Committee agree to receive quarterly reports on the delivery of the assignments within the plan and on the implementation of actions arising. 			
<p><u>Reasons</u></p> <p>The Accounts and Audit Regulations include the statutory requirement for the provision of an adequate and effective internal audit function. The Public Sector Internal Audit Standards (PSIAS) place a duty on Internal Audit to plan effectively to ensure it contributes to the Council's objectives at strategic and operational levels. Planning also enables Internal Audit to demonstrate that they are making the best use of available resources.</p>			

1. **Background**

- 1.1 The primary purpose of an Internal Audit service is to provide an independent, objective assurance and consulting service to the organisation; and through the efficient delivery of this service seeks to add value and improve the organisation's operations and controls to effectively deliver the Council's Strategic Priorities. Internal Audit assists the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. Internal Audit is an independent appraisal function within the Borough Council under the control of the Service Director for Finance (Section 151 Officer).
- 1.2 The Public Sector Internal Audit Standards (PSIAS) apply to all internal audit service providers, whether in-house, shared services or outsourced. Assessment against the

Standards provides assurance that the service is being delivered to a satisfactory level and in conformance to the standards.

- 1.3 The Accounts and Audit Regulations include the statutory requirement for the provision of an adequate and effective internal audit function and they specify that compliance with the relevant standards is required to demonstrate an appropriate standard of audit provision. The requirement to produce an audit plan is also specified in the Standards.

2. **Issues**

- 2.1 The Internal Audit Plan for 2024/25 (detailed at Appendix A) has been produced in conjunction with Staffordshire County Council Internal Audit Department who have an agreement in place to provide the Borough Council's Internal Audit service and undertake the role of Chief Internal Auditor as defined by the PSIAS.
- 2.2 The annual Internal Audit Plan for 2024/25 outlines the audits that are planned for the coming financial year and has been produced using a risk based approach. The results of this work will contribute to the annual internal audit opinion, which will then be included within the Annual Governance Statement (AGS).
- 2.3 The Internal Audit service focuses on the way in which the key risks faced by the services and ultimately the Council can be incorporated and addressed through the planned reviews set out in the proposed plan. In exploring the areas to include within the 2024/25 plan a number of factors have been considered. These include the strategic risks faced by the Council and also operational risks that its service areas are facing in the context of the objectives (both strategic and operational) they are striving to achieve. It also includes the controls that are currently in place and therefore the level of internal audit coverage that is appropriate for these areas of the business. A key objective has been to produce a plan that is aligned to the Council's objectives and perceived risks. This approach acknowledges the Council's risk management framework and open and forthright discussions have taken place with senior officers.
- 2.4 A risk assessment methodology continues to be developed in order to better inform the audit planning process. A significant factor within the audit planning process is the recognition and identification of emerging issues at both local and national level. Topical issues are monitored and tracked throughout the year by the Internal Audit team and, where relevant, highlighted for consideration or review.
- 2.5 The Corporate Leadership Team have provided valuable input into the plan based on their knowledge of key risk areas. The scope of each audit will be defined in further detail following a more detailed risk assessment to be undertaken before each audit and an assignment brief will be produced to identify the key objectives of each audit. This will present a further opportunity for the Senior Leadership Team to provide feedback on the proposed scope of work.
- 2.6 The planning and delivery of a robust audit plan ensures that an annual opinion and overall level of assurance can be provided by the Chief Internal Auditor to those charged with governance, thereby complying with constitutional requirements and sector standards. This opinion is one of the elements of the assurance framework which is reported in the Annual Governance Statement.
- 2.7 In addition to the Internal Audit service, Staffordshire County Council will also provide Fraud Investigation services to the Council. This allows the service to focus on both proactive and reactive fraud work, with the primary aim of detecting (e.g. data-matching exercises), investigating and preventing fraud and where appropriate strengthen controls.

- 2.8 Throughout the year the work programme at Appendix A will be reviewed, and detailed quarterly work programmes produced. Progress will be measured in order to report on the delivery of the audit plan.
- 2.9 The Internal Audit Plan consists of 276 Internal Audit days plus 25 Management days. In addition to this there are 40 days allocated to Counter Fraud resulting in a total of 341 days of work.
- 2.10 As audit resources are finite, it is important to target these resources at areas considered to be high risk (where risk includes potential impact on the delivery of the council's objectives) and high priority, ahead of medium/low ranked audits. In this way the audit resource will be most efficiently utilised and will produce the greatest benefit. The plan will be regularly monitored and where necessary revised to take into account both unforeseen and new developments. Whilst the audit plan must be detailed enough to identify in advance the specific areas to be audited it must also remain flexible enough to cope with unforeseen events and must reflect the changing risks and priorities of the council. Any variations or developments; significant matters that jeopardise the delivery of the plan or require changes to the plan will be reported to the Audit and Standards Committee at the earliest opportunity. Where requests are received to undertake consulting engagements, consideration will be given to their potential to improve the management of risks, to add value and to improve the council's operations.

3. **Proposal**

- 3.1 In agreeing the proposed Audit Plan for 2024/25, Members are agreeing to a review of all areas listed in Appendix A.
- 3.2 Once agreed the plan will be translated into an operational plan detailing the audit assignments to be carried out, the purpose of each assignment and the allocation of resources. Each assignment will have clear objectives and scope to be delivered within the allocated resources and will be supervised for quality and consistency.

4. **Reasons for Proposed Solution**

- 4.1 By agreeing to the proposed plan, the Audit & Standards Committee are supporting the Internal Audit service in fulfilling its responsibility to plan effectively and ensure that it contributes to the Council's objectives at strategic and operational levels. The plan will also enable Internal Audit to demonstrate that they are making the best use of their resources balanced against the perceived risks to the Council.

5. **Options Considered**

- 5.1 The Audit Plan for 2024/25 will be the first year that a full Internal Audit service will be delivered by Staffordshire County Council. The Service Director for Finance (S151 Officer) has compiled the Internal Audit Plan in conjunction with Staffordshire County Council Internal Audit Team and the Corporate Leadership Team for the first year of the service provision, however the plan will be reviewed during the year and any updates will be reported to the Audit and Standards Committee.

6. **Legal and Statutory Implications**

- 6.1 The Accounts and Audit (England) Regulations 2015, state that “A relevant authority [the Council] must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.” (para 5(1)).
- 6.2 Section 151 of the Local Government Act 1972 states that every local authority should make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs’. CIPFA has defined ‘proper administration’ in that it should include ‘compliance with the statutory requirements for accounting and internal audit’.
- 6.3 The activities of Internal Audit are planned in accordance with the Accounts and Audit Regulations which place a duty upon the Chief Internal Auditor to report to members on a regular basis. By acting upon recommendations within internal audit reports, the Council is demonstrating its commitment to maintain an adequate and effective system of internal control, as required by these regulations. Satisfactory delivery of the audit plan assists the Service Director for Finance (Section 151 Officer), in discharging her duties under section 151 of the Local Government Act 1972.

7. **Equality Impact Assessment**

- 7.1 There are no equality impact issues identified from this proposal.

8. **Financial and Resource Implications**

- 8.1 The work outlined for 2024/25 will be carried out within the agreed price specified in the agreement with Staffordshire County Council for Internal Audit services which is in line with the budgeted cost. The financial implications resulting from the recommendations made within audit reports will be highlighted within individual reports wherever possible. It is the responsibility of managers receiving audit reports to take account of these financial implications, and to take the appropriate action.
- 8.2 Internal Audit is directed by the Chief Internal Auditor provided through a service agreement by Staffordshire County Council. This agreement provides the Borough Council with access to a range of Internal Audit staff with specific areas of experience and knowledge. The number of days to be delivered through this agreement is 341 as per paragraph 2.9.
- 8.3 The following categories have been identified as the basis for inclusion in this year’s work plan:-
- Work identified as still relevant from 2023/24
 - Key systems assurance
 - Funding body requirement as requested
 - Priority from risk assessment of service area
 - Management request/Discussions with management
 - Emerging risks / changes to the council’s systems and controls

9. **Major Risks**

- 9.1 The key risk to be considered in reviewing the attached plan is that the areas proposed for coverage do not sufficiently address the key risks faced by the Council and therefore the independent and objective assurance provided by Internal Audit is, or is perceived to be, compromised. The consequence of which is that opportunities to improve the Council’s

system of internal controls, governance framework and the delivery of its objectives are not identified or acted upon.

9.2 This risk is managed through a combination of the governance and reporting frameworks within which Internal Audit operates and the overview carried out by this Committee. No risks have been identified that are not within acceptable tolerances. Continual review of the work contained within the audit plan ensures that where necessary adjustments are made to provide the most appropriate coverage.

10. **UN Sustainable Development Goals and Climate Change Implications**

10.1 The Internal Audit and Counter Fraud Arrangement via Staffordshire County Council and the Fraud Hub supports UNSG and Climate Change objectives in a number of ways. Principally, through partnership working and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.



11. **Key Decision Information**

11.1 Not applicable.

12. **Earlier Cabinet/Committee Resolutions**

12.1 This report is not in reference to previous Cabinet or Committee resolutions.

13. **List of Appendices**

13.1 Appendix A – Proposed Internal Audit Plan 2024/25

14. **Background Papers**

14.1 No background papers are required for this report.

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Internal Audit Plan 2024/25

Audit Title	Days
Office of the Chief Executive	
Asset Management Capital	8
Treasury Management	8
Council Tax	10
NNDR	10
Housing Benefits	15
Total Chief Executive	51
Operational Services	
Bereavement Services	15
Tree Management	10
Waste Services	15
Jubilee 2	15
Total Operational Services	55
Regeneration & Development	
Disabled Facilities Grant	10
Planning	10
Future High Street Fund	10
Newcastle and Kidsgrove Town Deal Funds	15
UK Shared prosperity Fund	10
Total Regeneration & Development	55
Corporate	
Civil Contingencies & Business Continuity (Consultancy)	15
Communications	10
Procurement and Contract Management	15
Safeguarding	15
Health and Safety	10
Total Corporate	65
IT Audit Assurance	
Cyber Security	15
Disaster Recovery	10
ICT Backups	10
PSN Compliance	15
Total IT Audit Assurance	50
Total Plan Days	276

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S
REPORT TO

22 April 2024

Report Title: Counter Fraud Arrangements 2024-25

Submitted by: Service Director for Finance (S151 Officer)

Portfolios: Finance, Town Centres and Growth

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<p>The Council is committed to providing an effective Counter Fraud function which is supported by an effective policy framework. Theft, fraud, corruption and bribery are all criminal offences; the Council is committed to the highest standards of integrity and will not tolerate them in any form. By having an anti-fraud and anti-corruption framework in place this demonstrates our zero tolerance to any form of fraudulent activity, it is important that the existing framework is reviewed and updated to take into account new legislation, procedures and best practice.</p>	
<u>Recommendation</u>	
<p>That Committee note the following policies which support the Counter fraud function:</p> <ol style="list-style-type: none"> 1. Anti-Fraud and Anti-Corruption Framework, 2. Fraud Response Plan 3. Whistleblowing Policy 4. Anti-Money Laundering Policy 	
<u>Reasons</u>	
<p>These policies are regularly reviewed to ensure that they remain relevant for the authority.</p>	

1. Background

1.1 Fraud and corruption present risks to all sectors of the UK Economy whether they are the public, private or third sectors. The impact of both fraud and corruption on organisations can have a significant effect through the disruption of services or undermining the achievement of the organisations objectives. Official estimates show the value lost to fraud to be significant. To assist organisations in identifying the risks of Fraud, CIPFA has produced a Code of Practice on Managing the Risk of Fraud and Corruption (“the Code”) which has five principles;

- Acknowledge the responsibility of the governing body for countering fraud and corruption
 - Identify the fraud and corruption risks
 - Develop an appropriate counter fraud and corruption strategy
 - Provide resources to implement the strategy, and
 - Take action in response to fraud and corruption
- 1.2 The policies that this Council has in place demonstrate our commitment to the prevention and detection of Fraud and Corruption and to ensure the highest possible standards of openness, probity and accountability. We encourage people with serious concerns about any aspect of the Council's work to come forward and voice those concerns. The Whistle-blowing Policy is intended to encourage and enable people with concerns about a potential fraud or corruption, in any aspect of the Council's work, to raise these with the Council rather than overlooking a problem or raising them with external bodies first.
- 1.3 The Anti-Fraud and Anti-Corruption Framework, the Whistleblowing Policy, Fraud Response Plan, and the Anti-Money Laundering Policy are approved annually as part of the Council's Constitution.
- 1.4 The prevention of fraud and protection of the public purse is everyone's business and it is important that all staff know how to recognise a fraud, how to prevent it and more importantly what to do if they suspect they have come across a fraud.
- 1.5 The Anti-Fraud and Anti-Corruption Framework, Fraud Response Plan, Whistleblowing Policy and Anti-Money Laundering Policy are a range of policies in place that are designed to limit as far as possible the opportunities to commit fraudulent acts, enable such acts to be detected at an early stage and then deal with any subsequent investigations in a prompt, thorough and professional manner.

2. Issues

- 2.1 The Council is committed to protecting public funds and ensuring that all Council activities are carried out in accordance with the principles of openness, honesty and integrity. These documents demonstrate that it proactively shows a commitment to deterring fraud and corruption and this is actively promoted throughout the organisation. These policies are reviewed annually with the proviso that should there be the introduction of any new legislation or best practice guidance that they are then reviewed sooner to take account of this. There have been changes to the policies that were brought before the committee last year, these include an update to reflect changes in job titles and money laundering regulation changes.
- 2.2 In order to demonstrate this commitment the Council has an annual subscription with Protect an independent legal charity with over 20 years' experience of running a confidential helpline for employees and members. Protect has given practical, confidential advice nationally to around 40,000 people. Their approach is that any concerns that an employee or member has can be raised openly and that the organisation then has an opportunity to investigate and address the concern.
- 2.3 The Council will work with Staffordshire County Council's (SCC) Internal Audit Service under the service agreement for Counter Fraud Services. The Counter Fraud Service covers all types of non-benefit and corporate fraud. The service offers a full detection and investigation service as well as work to prevent fraud and share the learning coming out of its activities both within the partnership and more broadly. The Fraud Hub operates a case management and referral system that will enable detailed

reporting which will also include the facility to provide statistical analysis and details of costs recovered etc. Also, the Council will have access to SCC's on-line reporting tool which will be promoted on our Council's website.

3. Recommendation

3.1 That Committee note the following policies which support the Counter fraud function:

- Anti-Fraud and Anti-Corruption Framework,
- Fraud Response Plan
- Whistleblowing Policy
- Anti-Money Laundering Policy

4. Reasons

4.1 By reviewing and adopting the Counter Fraud Policies, the Committee is supporting the Council in acting with integrity and responsibility in the management and spending of public money.

5. Options Considered

5.1 Staffordshire County Council will be providing the Fraud Investigation services to the Council as part of the service agreement which commences on 1 April 2024. This allows the service to focus on both proactive and reactive fraud work, with the primary aim of detecting (e.g. data-matching exercises), investigating and preventing fraud and where appropriate strengthen controls.

6. Legal and Statutory Implications

6.1 This report raises no new legal or statutory implications.

7. Equality Impact Assessment

7.1 There are no differential equality impact issues identified from the proposal.

8. Financial and Resource Implications

8.1 The cost of an annual subscription to Protect is £909 per annum plus £0.25 pence per employee, which based on 500 employees makes the total subscription, cost £1,034 plus VAT.

9. Major Risks & Mitigation

9.1 The risk of not having these strategies in place would mean that staff have no guidance on what to do in the event that they may suspect that fraud or corruption is being committed. This in turn may hamper any investigation required to yield a satisfactory conclusion. The existence of these policies mean that staff are informed and given guidance on what actions they should take if they suspect that a fraud is being committed.

10. UN Sustainable Development Goals (UNSDG)

10.1 The Counter Fraud Arrangement via the Fraud Hub supports UNSG and Climate Change objectives in a number of ways. Principally, through partnership working

and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.



11. **Key Decision Information**

11.1 This report is not a key decision as defined by the Council's Constitution.

12. **Earlier Cabinet/Committee Resolutions**

12.1 There are no earlier cabinet decision relating to this report.

13. **List of Appendices**

13.1 Anti-Fraud and Anti-Corruption Framework,

13.2 Fraud Response Plan

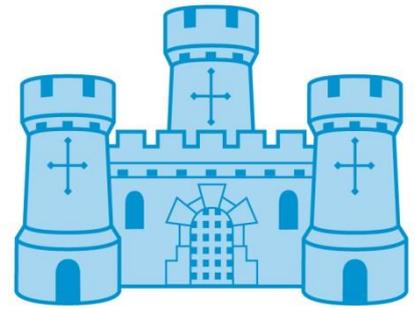
13.3 Whistleblowing Policy

13.4 Anti-Money Laundering Policy

13.5 Anti-Money Laundering Staff Guidance

14. **Background Papers**

14.1 CIPFA – Managing the Risk of Fraud and Corruption



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Anti-Fraud & Anti-Corruption Framework 2024-25

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Introduction

Theft, fraud, corruption and bribery are criminal offences. Newcastle Borough Council is committed to protect public funds and ensure that all Council activities are carried out in accordance with the principles of openness, honesty and integrity. The Council has a zero tolerance of such offences and offenders.

In carrying out its functions and responsibilities the Council is fully committed to deterring theft, fraud, corruption and bribery whether it is attempted on or from within the Council; and is committed to an effective anti-fraud and corruption strategy designed to:-

- limit, as far as possible, the opportunities to commit fraudulent acts – **prevention**;
- enable any such acts to be **detected** at an early stage; and
- deal with any subsequent **investigations** in a prompt, thorough and professional manner.

Our Policy

Newcastle Borough Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor will it accept bribes or improper inducements, or allow employees or elected members to do so.

Using a third party as a conduit to channel bribes to others is also a criminal offence. The Council does not, and will not, engage indirectly in or otherwise encourage bribery, nor does it wish to be associated with any organisation that does or has done so. Specifically, this extends to our agents, suppliers, contractors and partner organisations, whether such criminal conduct is associated with business on the Council's behalf or not.

Where there is evidence of theft, fraud, corruption and bribery, the Council will investigate the matter promptly, and will take all appropriate actions to deal with the perpetrators.

This includes, but is not confined to, taking disciplinary action against employees and elected members, and pursuing criminal prosecution on all possible occasions. The Council will not be deterred by threats of adverse publicity or to persons or property, and will publicise cases of successful legal action against perpetrators.

The Council and all elected members and employees will comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates.

All employees and elected members must follow the policy, and do everything they can to support and promote it. In doing so, they may find the Nolan Principles a valuable aid – see Appendix A.

Different rules and procedures apply to benefits fraud. All cases of benefit fraud are now investigated by the Department for Work and Pensions (DWP) as part of the Single Fraud Investigation Service (SFIS).

There are also specific provisions for money laundering, because of the legal requirement to report this to the National Crime Agency in a closely-defined way.

Our Strategy

The Council's strategy for implementing its policy consists of five elements:

1) Prevention

Rules and procedures that make it hard for wrongdoing to take place;

An open, honest culture (explicitly based on the Nolan Principles: see Appendix A) which encourages good behaviours and discourages bad practice.

2) Detection

Systems that include strong internal checks;

Staff who are alert to the possibility of wrongdoing, and know how to respond to it to minimise losses and maximise the chance of effective action against the perpetrators;

A whistleblowing procedure that allows employees and others to report concerns about the Council.

3) Investigation

A fraud response plan that sets out how the Council will address any suspected fraud professionally, fairly, efficiently and effectively;

4) Recovery

The Council will recover losses from perpetrators where possible, and inform insurers under any relevant policy.

5) Retribution

Procedures to act promptly and effectively to deal with all perpetrators

Expected Behaviour

Members and employees must lead by example, acting with integrity at all times and following all legal requirements, rules, procedures and good practice. The Nolan Principles (Appendix A) provide an excellent structure for all actions.

Members and employees must report suspected fraud, corruption or other irregularity **immediately** to Internal Audit. The only exception is benefits fraud, which will be referred to the DWP and SFIS.

The Council expects all individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act with integrity in all dealings with the Council. It will consider what actions are appropriate where they fail to do so, including cancelling contracts.

Culture

All managers must promote an environment in which employees know and understand that dishonest acts will be detected and investigated. They must therefore:

- Always behave in line with the Nolan Principles;
- Participate in in-house training covering fraud, fraud detection and fraud prevention;
- Ensure staff understand that internal controls are designed and intended to prevent and detect fraud;
- Encourage staff to report suspected theft, fraud, corruption or money laundering directly to those responsible for investigation;
- Provide employees with an environment in which they can report suspicions of wrongdoing without fear of retribution;

The Internal Audit and Human Resources Sections will provide support to achieve this.

Identifying Problems

The essence of many theft, fraud, corruption and bribery issues is that no-one recognises them happening. And it can be difficult to be vigilant and observant while being a good and supportive colleague. It is essential that the Council has an open culture whereby employees at all levels are encouraged to challenge or query why things are being done a particular way.

There are a number of common fraud indicators (Appendix B). None of them prove wrongdoing – though all are cause for managerial concern. An employee who never takes annual leave may be concealing fraud: but, equally, they may be struggling with parts of their job, and desperately need support.

Therefore, managers finding any of these behaviours should be concerned, and should probe the issues – but they should not assume that fraud or corruption are involved. There may simply be problems to work on and resolve.

Reporting Suspicions

If any employee suspects that theft, fraud, corruption or bribery are happening within the Council, or in any activity where the Council has a leading role or responsibility, they should report their suspicions, either to their line manager or through the Council's Whistleblowing Procedure.

Managers should report all such cases to the Internal Audit Service, and accept advice on the steps to take over the suspicions in accordance with the fraud response plan.

Investigations

All investigations will be carried out in accordance with the Fraud Response Plan, unless they relate to Benefits fraud or money laundering, in which case these will be dealt with in accordance the specific guidance that relates specifically to these areas of work.

Implementing this Framework

The Chief Executive is ultimately responsible for preventing and detecting theft, fraud, and corruption.

The Chief Executive, Service Directors and Business Managers must ensure that all staff follow this strategy, supported by the Council's Internal Audit and Human Resources functions.

All managers are responsible for preventing and detecting fraud. They must, with support from Internal Audit and Human Resources, ensure that they operate effective mechanisms in their area of control to:

- Prevent theft, fraud and corruption;
- Promote employee awareness (All staff have a responsibility to prevent, detect and report on any fraud or suspected fraud);
- Assess the risk of fraud; and
- Take prompt action in line with the Fraud Response Plan when they suspect or are alerted to possible theft, fraud or corruption

There are a number of policies already in place within the Council for preventing, detecting, managing and reporting theft, fraud and corrupt conduct; these include but are not limited to:

- Codes of Conduct for employees and members
- Contract Procedures
- Financial Regulations
- Registers of Interests, Gifts and Hospitality
- Disciplinary Rules and Procedures
- The Whistleblowing Policy
- Fraud Response Plan
- Procurement Strategy
- Risk Management Strategy
- Recruitment procedures (pre-employment vetting, references, etc)
- Anti-Money Laundering Policy
- Information Security Management Policies

Copies of all the policies listed above are available on the Council's intranet Connexus under the A-Z of strategies and policies.

Partnership Agreement for Counter Fraud Services

Newcastle Borough Council will work in partnership with Staffordshire County Council to provide a counter fraud service which will cover various types of fraud including non-benefit and corporate fraud.

Non-benefit fraud includes all non-welfare (benefit) frauds which are committed against the Council by external persons or bodies and this type of fraud includes: tenancy fraud, procurement fraud, council tax fraud, business rates fraud, grant fraud etc.

Corporate fraud is defined as frauds committed by those within the Council such as employees and members and this type of fraud includes: payroll fraud, expenses fraud, procurement fraud etc.

Review and Development of this Framework

It is important to keep this policy up-to-date with developments in the law and professional practice. This policy will be reviewed every two years and reported to the Audit and Standards Committee (unless any urgent need arises that requires an update before then).

Appendix A – Nolan Principles

The seven principles of public life;

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

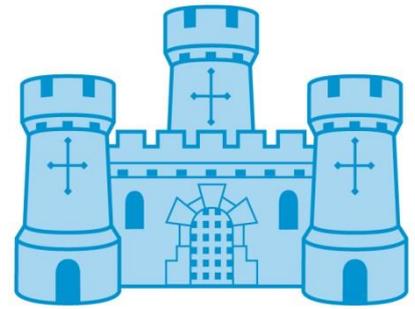
These principles apply to all aspects of public life. The Nolan Committee set them out for the benefit of all who serve the public in any way.

Appendix B – Possible Indicators of Fraud

Listed below are a number of common fraud indicators. None of them prove wrongdoing – though all are cause for concern;

- unusual employee behaviour (e.g. a supervisor who opens all incoming mail, refusal to comply with normal rules and practices, fails to take leave, managers by-passing subordinates, subordinates bypassing managers, living beyond means, regular long hours working, job dissatisfaction/ unhappy employee, secretiveness or defensiveness);
- Key documents missing (e.g. invoices, contracts);
- Inadequate or no segregation of duties;
- Absence of controls and audit trails;
- Inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation);
- Excessive variations to budgets or contracts;
- Bank and ledger reconciliations are not maintained or cannot be Balanced;
- Excessive movements of cash or transactions between accounts;
- Numerous adjustments or exceptions;
- Duplicate payments or large payments to individuals;
- Unauthorised changes to systems or work practices;
- Lack of rotation of duties;
- Policies not being followed;
- Post Office boxes as shipping addresses;
- Lowest tenders or quotes passed over with minimal explanation recorded,
- Splitting up requirements to get under small purchase requirements or to avoid prescribed levels of review or approval;
- Vague specifications;
- Excessive hours worked by key staff; and
- Lack of common sense controls such as changing passwords frequently, requiring two signatures on cheques or restricting access to sensitive areas.

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**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Fraud Response Plan 2024-25

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1. Introduction

- 1.1 The Fraud Response Plan defines the way that Newcastle Borough Council applies its various policies and procedures to suspected theft, fraud and corruption.
- 1.2 The aim of this Plan is to provide a toolkit for dealing with problems, and rapid access to expert advice. This fraud response plan guides managers on how to react to suspicions of fraud, theft, corruption and bribery. It gives an outline of how investigations will be progressed and the possible role of a manager in an investigation.
- 1.3 Any suspected frauds at Newcastle Borough Council should be reported to Staffordshire County Council's Internal Audit Service at :
<https://www.staffordshire.gov.uk/Contact/Report-a-concern/Fraud-bribery-and-theft.aspx>
or by email to: fraud@staffordshire.gov.uk or to the hotline on: 0800 7311890.

2. Purpose of the Fraud Response Plan

- 2.1 The Fraud Response Plan is designed to ensure timely and effective action in the event of suspected fraud to:
 - minimise fraud by taking prompt action;
 - prevent further losses where fraud has occurred;
 - manage consequences for other staff, including sudden changes in workload, altered duties and adverse staff reactions to investigation work;
 - maximise recovery of losses;
 - identify the perpetrators and maximise the success of any disciplinary and legal action taken;
 - ensure the accuracy and integrity of evidence for successful disciplinary and court action;
 - manage any adverse publicity for the organisation;
 - maximise positive publicity when frauds are discovered and dealt with effectively;
 - identify lessons to be learned to improve fraud management;
 - ensure a fair and consistent response to suspected frauds;
 - deter others from fraud that they may be contemplating.

3. Dealing with a suspected fraud

- 3.1 Senior managers have a primary responsibility for preventing, detecting and investigating. However, it is always vital that evidence is preserved and suspicions are not aroused, and the first action must always be to contact Staffordshire County Council Internal Audit Service's Counter Fraud Manager (referred to as the Counter Fraud Manager hereafter) for advice and support. This will allow the Counter Fraud Manager to:
 - provide initial advice on investigation process and procedure;
 - collate the information with all other known issues, which may suggest specific approaches to investigation;
 - jointly with Human Resources, decide on actions needed in relation to any employee potentially involved (such as suspension to protect evidence), and agree these with the Service Director;
 - log the event on the Audit Management System, Pentana

- report appropriately to Chief Executive, Section 151 Officer, the Monitoring Officer and Corporate Leadership Team.

3.2 The only exception to this is where the matter relates to Money Laundering as this should be dealt with in accordance with the Council's Anti-Money Laundering Policy and Staff Guidance. In addition, if the matter relates to benefits, these cases will be reported to the Department for Work and Pensions (DWP) who will investigate the matter under the Single Fraud Investigation Service (SFIS).

Initial Enquiries

3.3 Where it is appropriate to do so, the fraud team may advise the manager to make discreet initial enquiries promptly to determine if there actually does appear to be an irregularity, provided that;

- they can do so **without alerting the perpetrator** to the investigation; and
- they have sufficient experience to do so.

3.4 During this initial enquiry the manager should:

- determine the factors that gave rise to the suspicion;
- examine the factors to determine whether a genuine mistake has been made or whether an irregularity has occurred;
- make a written record of the alleged irregularity (access to this document should be restricted e.g. not held in an 'open area' of the network);
- secure any relevant documentation/records (if this can be done without alerting the perpetrator).

The manager **should not** interview staff at this stage.

Scope of the Investigation

3.5 The Manager, Human Resources and the Counter Fraud Manager will agree the way forward, in consultation with the Section 151 Officer, the Monitoring Officer and the Service Director. They will consider whether to involve other agencies at this point (e.g. Police, HM Revenue & Customs, External Audit, the Department for Work and Pensions, the National Anti-Fraud Network, the National Crime Agency, and other councils) and initially contact will be through the Counter Fraud Manager.

3.6 The Counter Fraud Manager will usually conduct all fraud investigations. However, where there is confidence that an investigation can be undertaken by the service itself (i.e. staff have the experience and ability to complete the investigation successfully, and are clearly not involved in the irregularity) then the Counter Fraud Manager will provide advice and guidance to the nominated Investigating Officer.

3.7 The Counter Fraud Manager will consult the relevant people to determine the next steps. The exact format is fluid – it is sometimes appropriate to convene a meeting, and on other occasions it will be sensible to hold a series of one-to-one meetings or 'phone calls'.

As a minimum, consultations will involve:

- the manager;
- the Section 151 Officer;
- the Service Director for Strategy, People and Performance;
- the Service Director

Additionally, they may consult:

- the police;
- the Chief Executive;
- the Service Director for Strategy, people and Performance in relation to Communications;
- External Audit;
- any other relevant person or body

The consultations will include specific consideration of whether it is necessary to suspend one or more employees to protect evidence, colleagues or assets.

Conducting the investigation

3.8 Whilst conducting the investigation, the Counter Fraud Manager will ensure:-

- the investigation is completed promptly;
- compliance with legislation on interviewing (Police and Criminal Evidence Act, PACE) and surveillance (Regulation of Investigatory Powers Act, RIPA);
- all evidence is recorded, ensuring that it is sound and adequately supported (see further guidance below);
- written records of all fact-finding meetings are retained;
- email correspondence relating to the investigation is discreet and an agreed 'case name' will be used rather than real names or locations. All sensitive attachments should be password protected. Emails will be protectively marked *Protect – Personal*;
- All evidence is held and stored securely, with appropriate restriction to access (both manual and electronic documentation) (see further guidance below);
- confidentiality and discretion is maintained throughout, information will only be shared on a "need to know" basis;
- where appropriate, contact other enforcement agencies e.g. Police, HM Revenue & Customs. This should be always enacted via Internal Audit as they have established lines of communication and referral protocols;
- investigators are aware that they must not accept any offer of repayment of money or resignation at any stage, as this could prejudice the investigation. Any such offers should, however, be recorded in interview notes, and passed on to the Head of Service for consideration (in conjunction with the HR Manager).

3.9 The Council has the right to suspend any employee involved pending the outcome of an investigation. Suspension does not imply guilt but suspension can prevent the removal or destruction of vital evidence. When suspects are not suspended, supervision will usually need to be increased. Advice will always be sought from Human Resources on suspensions and any subsequent disciplinary action.

3.10 The key objectives during an investigation are to:

- secure evidence of the fraud to allow the Council to pursue successful disciplinary action and prosecution;
- prevent further losses;

- assess the likely extent of losses and report these to the Council's Risk and Insurance Officer at the earliest opportunity;
- recover funds where possible.

3.11 Where managers are carrying out their own investigation they must report the results of their initial enquiries to the Counter Fraud Manager, who may carry out further investigations if the case is more complex than it first appeared.

4. Evidence

4.1 It is essential that evidence is preserved and retained securely and the following steps should be followed:

- remove all relevant original documents and store them securely. Record the date of removal and where they are stored. Replace documents needed for everyday use (e.g. till rolls and receipt books) with new ones to prevent unnecessary disruption to services. **Original documents and certified copies** provide the best evidence;
- for computer systems, consider access rights, and change or suspend access to preserve evidence. (See below for more on ICT evidence.);
- in all cases, take care not to compromise evidence by doing or allowing anything that may deface or alter the evidence, particularly in ways that may alter the evidential value (such as punching filing holes that chop out a date or signature);
- you must also take care that evidence is always secure, so that there is no opportunity for damage or changes. This is known as preserving the chain of evidence. If there is a break, such as leaving a document out on a desk unattended, it could compromise a prosecution;
- where you have to use a copy, endorse it as a copy and, if possible, certify it (i.e. sign and date on the back) as a true copy of the original, preferably by the person who took the copy from the original source document. Use of copies is increasingly common with document management systems, where documents are scanned and then destroyed;
- minimise handling of documents to protect forensic evidence, such as fingerprints. Put them in clear plastic wallets to protect them, and to avoid the need to punch filing holes in them. This avoids the possibility of damaging key pieces of evidence;
- **Information held on IT equipment** provides evidence of the records at a particular time and may demonstrate that a fraud has been committed. It is important that the IT equipment is secured as soon as possible. Please contact the **Counter Fraud Manager** for advice in relation to this. Any printouts of data and exception reports can be useful, so should be retained and these together with hard copies should be timed, dated and signed by the investigator;
- Where you suspend suspects you must prevent their access to Council buildings, remove their access rights to IT networks and systems and change all relevant passwords, PIN numbers etc;
- **Physical evidence** is necessary when the investigation arises from an apparent discrepancy in cash, stores or other assets. A physical count of the cash, stores or assets is necessary to record the actual value of the cash/stores present at a fixed point in time;
- All **cash** held by the person should be counted at the same time (to prevent the same cash being presented more than once to cover a shortage). The cash count should include a detailed analysis of cash by denomination and any cheques, receipts and IOUs. The count should be checked by two people and the results signed and dated by both;

- Ask the employee under investigation if there is any more cash (e.g. at their home) and check this immediately to prevent subsequent reinstatement;
- All **stocks and stores** need to be counted if there is a suspicion of theft of assets. A full stock check, including opening all boxes to ensure they contain the goods they are supposed to, should be undertaken. Stock totals should be signed and dated by two investigators. If there are similar stores in other locations controlled by the suspect, then these need to be checked simultaneously to avoid stocks being moved between different stores to hide discrepancies;
- **Observations** can be used to identify exactly what is happening to physical assets (e.g. stores being loaded into private cars);
- **Seek guidance from the Counter Fraud Manager before any surveillance**, who will also consult the Council's Legal service. Surveillance must be necessary and proportionate in accordance with the Regulations of Investigatory Powers Act 2000 (RIPA) for Local Authorities now to be able to undertake any surveillance authorisation must be sought from the Magistrates Court;
- Relevant **CCTV footage** may be available. In addition, if any form of access system is in use, it may establish who was where and when;
- If videos are to be used in evidence they should have the date and time continuously displayed. For the same reasons as for IT equipment, preserve the original tape intact as evidence for possible use in court and disciplinary hearings.

5. Lack of Evidence

5.1 The Council will only investigate allegations which are deemed to be credible following an initial review of information received and where evidence is available. This is because pursuing vague, mischievous or malicious allegations of theft, fraud, corruption and bribery would waste time on unnecessary and unfocussed investigations, and could lead to suspension of innocent staff, undermining corporate culture and morale.

6. Review Outcomes

6.1 The Council's policy is to refer theft, fraud or corruption to the police for investigation and prosecution whenever possible. However, it's important to remember that the evidence for a successful prosecution must prove a case beyond all reasonable doubt, while disciplinary cases (including dismissal for gross misconduct) are decided on the balance of probabilities.

6.2 The Counter Fraud Manager will consult the Section 151 Officer, Service Director, and the Service Director for Strategy, People and Performance to determine whether any matter should be referred to the Police for criminal investigation.

6.3 The Service Director must remedy control weaknesses identified during the course of an investigation. The fraud team will provide advice and support on effective controls, and will ultimately include these in a report (though implementation should not be delayed until the report is issued).

6.4 The Counter Fraud Manager will record all final outcomes on the Audit Management System, Pentana. This information informs future prevention strategies, and is used in reporting fraud and corruption at the Council.

6.5 In all cases the Council's insurers should be informed of actual losses as soon as these have been firmly established. It is sensible to keep External Audit informed. The Communications team will be kept informed in order that publicity can be properly managed.

7. Recover Losses

7.1 There are a variety of methods which can be used to recover losses. Methods used depend upon the extent of the losses, the seriousness of the fraud/corruption and whether the response is disciplinary action, legal action or both.

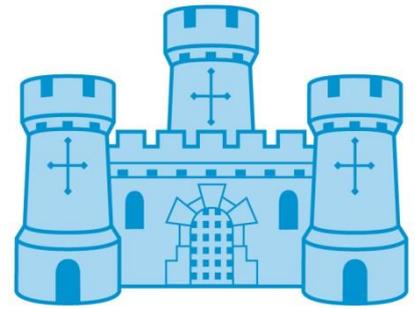
7.2 Some cases will be covered by the Council's Fidelity Guarantee insurance. If the case is going to court, the Council can seek a compensation order.

8. Partnership agreement for Counter Fraud Services

8.1 The Council has outsourced the Internal Audit and Fraud Service to Staffordshire County Council and will work in partnership with them in addition to remaining part of the Staffordshire Counter Fraud Hub. The service offers a full detection and investigation service as well as work to prevent fraud and share the learning coming out of its activities both within the partnership and more broadly.

9. Review and Development of this Plan

9.1 It is important to keep this Fraud Response Plan up-to-date with developments in the law and professional practice. This policy will be reviewed annually and reported to the Audit and Standards Committee (unless any urgent need arises that requires an update before then).



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Whistleblowing Policy 2024-25

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Introduction – What is Whistleblowing?

Sometimes whistleblowing is called speaking up or raising a concern. It is all about ensuring that if someone sees something wrong in the workplace, they are able to raise this within their organisation, or externally. Whistleblowing ultimately protects customers, staff, beneficiaries, and the organisation itself by identifying harm and wrong doing before it is too late.

People working within organisations are often the first to realise that there may be something seriously wrong in the place in which they work. Workers should be watchful for illegal or unethical conduct and report anything of that nature that they become aware of. Newcastle Borough Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we encourage employees and others working at or for the Council who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.

Aims and scope of the policy

This policy supports the Councils Anti-Fraud and Anti-Corruption Framework, Corporate Health and Safety Policy, and the Safeguarding Children and Vulnerable Adults Policy.

The policy applies to all employees, agency workers and contractors working on Council premises (for example, cleaners, builders and drivers). It also covers suppliers and those providing services under a contract with the Council in their own premises.

This policy aims to:

- provide avenues for you to raise concerns and receive feedback on any action taken;
- allow you to take the matter further if you are dissatisfied with the Council's response; and
- reassure you that you will be protected from reprisals or victimisation for whistleblowing, and will be supported throughout the process.

What to do if you have any concerns?

The earlier you express your concern, the easier it is to take action, and although you will not be expected to prove the truth of the allegation, you will need to be able to demonstrate to the person contacted that there are sufficient grounds for your concern.

If you have a concern, the Council hopes that you will be able to raise the matter with your line manager. However, if you feel unable to raise the matter with your line manager or if you believe that your line manager is involved in the concern, you should contact the Council's Legal Services department.

The Council's Legal Services department: Newcastle-under-Lyme Borough Council, Castle House, Barracks Road, Newcastle-under-Lyme, Staffordshire, ST5 1BL.

Email: whistleblowing@newcastle-staffs.gov.uk For any concerns raised in writing please label these "PRIVATE and CONFIDENTIAL".

If you have followed these channels and you still have concerns or you feel that you are unable to discuss the matter with your line manager or Internal Audit please contact the Monitoring Officer (contact details can be found in the "Who is the Responsible Officer?" section below).

What safeguards are in place?

The law (Employment Rights Act 1996 and Public Interest Disclosure Act 1998) provides protection for workers who raise legitimate concerns about specified matters. These are called "qualifying disclosures". A qualifying disclosure is one made in the public interest by a worker who has a reasonable belief that:

- a criminal offence;
- a miscarriage of justice;
- an act creating risk to health and safety;
- an act causing damage to the environment;
- a breach of any other legal obligation; or
- concealment of any of the above

is being, has been, or is likely to be, committed. It is not necessary for the worker to have proof that such an act is being, has been, or is likely to be, committed - a reasonable belief is sufficient. The worker has no responsibility for investigating the matter - it is the Council's responsibility to look into the matter.

A person who makes such a protected disclosure has the right not to be dismissed, subjected to any other detriment or victimised because they have made a disclosure.

Responding to your concerns

The Council will, where possible, protect the identity of a notifying individual and not reveal their source at any time during the investigation. However, you may eventually be needed as a witness in disciplinary or criminal proceedings if necessary (if you are, the Council will arrange for you to be given advice about the procedure).

The action taken by the Council will depend on the nature of the concern.

The matters raised may:-

- be investigated internally;
- be referred to the Police;
- be referred to First Response at Staffs County Council in respect of safeguarding issues;
- be referred to the external auditor; or
- form an independent inquiry/investigation.

Within 10 working days of a concern being received, the Council will write to you:-

- acknowledging that the concern has been received;
- indicating how it proposes to deal with the matter;
- giving an estimate of how long it will take to provide a final response;
- telling you whether any initial enquiries have been made; and
- telling you whether further investigations will take place; and if not, why not.

The amount of contact between the officers considering the issue and you will depend upon the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from you.

The Council accepts that you need to be assured that the matter has been properly addressed and looked into. Thus, subject to legal constraints, you will receive information about the outcomes of any investigations.

Who is the Responsible Officer?

The Council's "Monitoring Officer" is the Responsible Officer. The Monitoring Officer has overall responsibility for the maintenance and operation of this policy. They can be contacted on 01782 742235. If you feel you cannot raise your concerns with your line manager or the Council's Internal Audit department, then you should make contact with the Monitoring Officer.

A record will be maintained of all concerns raised together with the outcomes and will be reported as necessary to the Council.

How the matter can be taken further?

This policy is intended to provide you with an avenue to raise concerns within the Council. The Council hopes that you will have confidence in using the Whistleblowing procedure, however, if you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points:-

- The Council's External Auditors - KPMG
- The Police

Further Advice

The Council pays an annual subscription to Protect (previously named Public Concern at Work) who are a registered charity, which gives our employees access to a confidential advice line. They have qualified legal staff to give help and advice and can be contacted on 020 3117 2520. They can also be contacted by email: mls@protect-advice.org.uk

Their website contains lots of information and advice in respect of whistleblowing: www.protect-advice.org.uk

Review of this Policy

It is important to keep this policy up-to-date with developments in the law and professional practice. This policy will be reviewed every two years and reported to the Audit and Standards Committee (unless any urgent need arises that requires an update before then).

Appendix A – Whistleblowing policy reporting form

Whistleblowing Policy Reporting Form

Newcastle Borough Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees and others that we deal with who have concerns about any aspect of the Council's work to come forward and voice their concerns. If you wish to raise a concern in writing please use this pro-forma.

Background and history of the concern (giving relevant dates):

The reasons why you are particularly concerned about the situation:

(continue on a separate sheet if necessary)

You are encouraged to put your name to this report. Concerns expressed anonymously are much less powerful but they may be considered. If you feel able to, please give your name and details below:

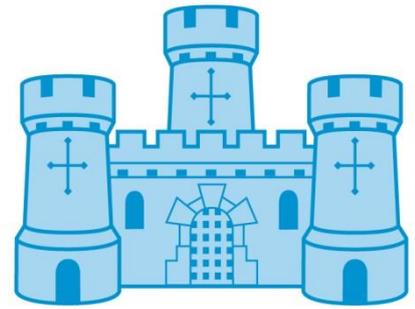
Name

Service

Contact Telephone Number

Date

PLEASE SEND THIS FORM TO YOUR LINE MANAGER OR ALTERNATIVELY LEGAL SERVICES



**NEWCASTLE
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Anti-Money Laundering Policy 2024-25

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Introduction

The Money Laundering and Terrorist Financing (Amendment) Regulations 2023 came into force on 10 January 2024. The fundamentals of performing risk assessments and due diligence as required by The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer). The regulations place obligations on the Council and on its employees with regard to suspected money laundering.

Whilst the majority of money laundering activity in the UK falls outside of the public sector, vigilance by employees of the Council can help identify those who are or may be perpetrating crimes relating to the financing of terrorism and money laundering.

This policy, together with supporting guidance notes aims to support staff in identifying potential suspect transaction during the course of their work at Newcastle Borough Council. The policy provides a mechanism for such transactions to be reported to an appropriate officer for evaluation and potentially passed on to the relevant authorities.

What is Money Laundering?

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. In other words, the process of changing 'bad' money into 'good' money in order to hide the fact that the money originated from criminal activity.

The following Primary Offences constitute the act of money laundering:

- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Act); or
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328); or
- acquiring, using or possessing criminal property (section 329);

Secondary Offences

There are also two secondary offences: failure to disclose any of the primary offences and tipping off.

Failure to Disclose – A Council employee commits an offence if they know or have reasonable grounds to suspect that another person is engaged in money laundering and they do not make the required disclosure as soon as is practicable after the information comes to them.

Tipping Off – A Council employee commits an offence if they inform a person or people who are, or are suspected of being involved in money laundering, in such a way as to reduce the likelihood of it being investigated or prejudicing an investigation.

Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation. ***The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).***

What are the obligations on the Council?

Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2023, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

The Regulations apply to “relevant persons” acting in the course of business carried on by them in the UK. Not all of the Council’s business is “relevant” for the purposes of the legislation. It is mainly accountancy and financial, company and property transactions. However, the safest way to ensure compliance with the law is to apply them to all areas of work undertaken by the Council; therefore, all staff are required to comply with the reporting procedure set out in this policy and the Anti-Money Laundering Staff Guidance.

The obligations on the Council are to establish and maintain appropriate and risk sensitive policies and procedures. Organisations must:

- appoint a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees of money laundering activity;
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification procedures in certain circumstances; and
- maintain record keeping procedures.

Section D7 of the Council’s Financial Regulations states that all Directors need to ensure that their employees are made aware of and comply with the Council’s Money Laundering Guidance.

Customer Due Diligence (Client Identification Procedure)

Standard Customer Due Diligence

Where the Council is carrying out certain regulated business (accountancy, audit and tax services and legal services re financial, company or property transactions) and as part of this

a) forms an ongoing business relationship with a client

- b) undertakes a one off or occasional transaction amounting to €10,000 (approximately £8,500) or more (whether carried out as a single transaction or several linked ones)
- c) suspect money laundering or terrorist financing;
 - then the Customer Due Diligence Procedure must be followed before any business is undertaken for that client. This means identifying the customer and verifying the customer's identity on the basis of information obtained from a reliable and independent source.

Enhanced Customer Due Diligence (and Ongoing Monitoring)

It will in certain circumstances be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary where:

- The customer has not been physically present for identification purposes; or
- In any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data or information and ensuring ongoing monitoring is carried out for the duration of the business relationship.

Similarly, where the Council is in an ongoing "business relationship" with a customer, the Regulations impose a special obligation to carry out ongoing monitoring.

The Money Laundering Reporting Officer (MLRO)

The officer nominated to receive disclosures about money laundering activity within the council is the Service Director for Finance (S151 Officer).

In the absence of the MLRO, the Finance Manager (Deputy S151 Officer) is authorised to deputise.

Both of these officers can be contacted as follows:

Service Director for Finance (S151 Officer) or Finance Manager (Deputy S151 Officer)

Newcastle-under-Lyme Borough Council
Castle House,
Barracks Road,
Newcastle-under-Lyme,
Staffordshire.
ST5 1BL

Telephone: 01782 742119 (Service Director for Finance, S151 Officer)

sarah.wilkes@newcastle-staffs.gov.uk

Telephone: 01782 742112 (Finance Manager, Deputy S151 Officer)

craig.turner@newcastle-staffs.gov.uk

The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency (“NCA”). This can be done via their website: www.nationalcrimeagency.gov.uk

A “Suspicious Activity Report” can be completed online on the NCA website. The NCA can be contacted on 0800 555 111.

The postal address for NCA headquarters is:

Units 1 - 6 Citadel Place,

Tinworth Street,

London SE11 5EF

Disclosure Procedure and Reporting Requirements

Cash Payments

The Council already has procedures in place to limit the amount of cash that it receives, with other payment methods being made available.

In respect of any receipts, in excess of £10,000, and any bank payments from unknown or overseas banks shall be evaluated and evidenced to ensure the legitimate source of the funds.

Reporting to the Money Laundering Reporting Officer (MLRO)

Any employee who suspects money laundering activity is taking place, or an employee who becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, must disclose this promptly to the MLRO.

The disclosure should be made to the MLRO or deputy using the pro-forma report attached at Appendix A to the Anti Money Laundering Staff Guidance document. The report must include as much detail as possible.

The employee must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without authorisation from the MLRO or deputy.

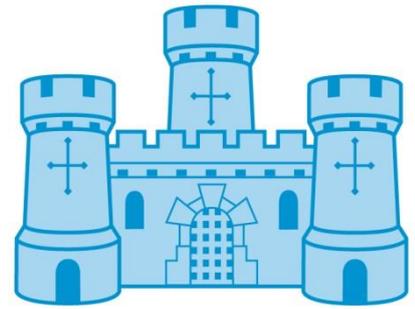
The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. They must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion.

Risk Management and Internal Control

The risk to the Council of contravening the Anti-Money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness of the Anti-Money Laundering Policy and Staff Guidance will be reviewed in light of such assessments. Money Laundering as a risk will be included on the Council’s Grace Risk Management System.

Record Keeping

To comply with the legislation, records must be kept for a period of five years and be sufficient to provide an audit trail for any subsequent investigation.



**NEWCASTLE
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Anti-Money Laundering Staff Guidance 2024-25

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Introduction

The Money Laundering and Terrorist Financing (Amendment) Regulations 2023 came into force on 10 January 2024. The fundamentals of performing risk assessments and due diligence as required by The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer). The regulations place obligations on the Council and on its employees with regard to suspected money laundering. This guidance document is aimed to help you understand your responsibilities as an employee of the Council, to support you in identifying potential suspect transactions during the course of your work and provide you with a mechanism for such transactions to be reported to an appropriate officer for evaluation.

What is Money Laundering?

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. In other words, the process of changing 'bad' money into 'good' money in order to hide the fact that the money originated from criminal activity.

The following Primary Offences constitute the act of money laundering:

- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Act); or
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328); or
- acquiring, using or possessing criminal property (section 329);

What are the Council's Responsibilities?

Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2023, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

The Council is committed to preventing, detecting and reporting money laundering.

Section D7 of the Council's Financial Regulations states that all Directors need to ensure that their employees are made aware of and comply with the Council's Money Laundering Guidance.

The Council's responsibilities will include:

- appointing a Money Laundering Reporting Officer ("MLRO") to receive disclosures from employees of money laundering activity;
- implementing a procedure to enable the reporting of suspicions of money laundering;
- maintaining client identification procedures in certain circumstances; and
- maintaining record keeping procedures.

The Council's Anti-Money Laundering Policy can be found on the Intranet.

What are the Responsibilities of the Employee?

All employees must be vigilant for the signs of money laundering.

The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).

If you do not promptly report any suspicions that you may have, you are at risk of committing a secondary offence known as “Failure to Disclose”. As a Council employee you commit an offence if you know or have reasonable grounds to suspect that another person is engaged in money laundering and you do not make the required disclosure as soon as is practicable after the information comes to you.

You also need to be aware that there is another secondary offence known as “Tipping Off”. You need to maintain strict confidentiality in respect of any suspected Money Laundering as you are at risk of committing an offence if you inform a person(s) who are, or are suspected of being involved in money laundering, in such a way as to reduce the likelihood of it being investigated or prejudicing an investigation.

In respect of any receipts in excess of £10,000 and any bank payments from unknown or overseas banks you will need to take measures to ensure the legitimate source of these funds.

Please refer to the Customer Due Diligence section for information on verifying a customer’s identification.

What are the penalties?

People who commit a secondary offence of “Failure to Disclose” or “Tipping Off” could face a prison sentence of up to five years, a fine, or both.

What is Customer Due Diligence?

Where the Council is carrying out certain ‘regulated activities’ then extra care needs to be taken to verify the identity of the customer or client – this is known as carrying out customer due diligence.

‘Regulated activities’ include the provision of advice about tax affairs, accounting services, treasury management, investment or other financial services, audit services, legal services, estate services, services involving the formation of a company or trust or dealing in goods whereby a transaction involves a cash payment of €10,000 (approximately £8,500) or more.

Here are some simple questions that will help you decide if it is necessary:

- Is the service a regulated activity?
- Is the Council charging for the service? and,
- Is the service being provided to a customer other than a UK public Authority?

If the answer to any of the above questions is no, then customer due diligence is not required.

If the answer to all three questions is yes, then customer due diligence is required before any business is undertaken for that client.

In instances that require customer due diligence then evidence of identity must be sought.

For individuals this could include:

- Photographic identification i.e. passport or driving licence and two documents which confirm the customer's address i.e. utility bills (although not mobile phone bills) or bank statements

For companies this could include:

- Checking with the customers website to confirm their business address;
- Conducting a search via Companies House to confirm the nature and business of the customer and to confirm the identities of any directors; and,
- Seeking evidence of personal identity, for example their passport.

Enhanced Customer Due Diligence (and Ongoing Monitoring)

In certain circumstances it will be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary where:

- The customer has not been physically present for identification purposes; or
- In any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

To compensate for the higher risk you must obtain additional documents of identity and also carry out ongoing monitoring. This means you must scrutinise transactions throughout the course of the relationship to ensure that the transactions are consistent with the Council's knowledge of the customer and keep the information about the customer up-to-date.

Who is the Council's Money Laundering Reporting Officer (MLRO)?

The officer nominated to receive disclosures about money laundering activity within the council is the Service Director for Finance (S151 Officer).

In the absence of the MLRO, the Finance Manager (Deputy S151 Officer) is authorised to deputise.

Both of these officers are based at Castle House and can be contacted as follows:

Telephone: 01782 742119 (Service Director for Finance, S151 Officer)

sarah.wilkes@newcastle-staffs.gov.uk

Telephone: 01782 742112 (Finance Manager, Deputy S151 Officer)

craig.turner@newcastle-staffs.gov.uk

What should I do if I suspect Money Laundering?

If you suspect an instance of money laundering activity you must report your suspicion promptly to the MLRO, or deputy using the form attached as Appendix A. If you would prefer you can also discuss your suspicions with the MLRO or deputy first. You must follow any subsequent directions of the MLRO or deputy and must not make any further enquiries into the matter yourself without authorisation from the MLRO or deputy.

Where can I find out more information about Money Laundering?

You can refer to various pieces of legislation including:

- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2023.
- The Proceeds of Crime Act 2002;
- The Terrorism Act 2006.

You can also refer to The National Crime Agency (www.nationalcrimeagency.gov.uk)

Appendix A

RESTRICTED CONFIDENTIAL

REPORT TO THE MONEY LAUNDERING REPORTING OFFICER

Details of Suspected Offence:

Details of the person(s) involved:

(Please supply as much detail as possible including full name, address, date of birth, bank account details etc. For companies please also include the registered address and nature of the business)

Nature, value and timing of activity involved:

Reasons for suspicions:

Continue on a separate sheet if necessary.

Name: _____ Directorate: _____ Ext: _____

Signed: _____ Date: _____

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO THE
AUDIT & STANDARDS COMMITTEE**

22 April 2024

Report Title: Corporate Risk Policy Statement and Strategy 2024/2025

Submitted by: Corporate Leadership Team

Portfolios: Corporate and Service Improvement, People and Partnerships

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<p>To provide Members with the reviewed Risk Management Policy Statement signed by the Chief Executive and Leader, and the reviewed Risk Management Strategy, both of which support the management of the risks identified within the Council.</p>	
<u>Recommendation</u>	
<p>That the Audit & Standards Committee:</p> <ol style="list-style-type: none"> 1. Accept the reviewed Risk Management Policy and Strategy for the 2024/25 year, subject to changes. 2. If approved by this Committee, note that the Chief Executive and Leader will sign the Policy Statement. 3. Note their own respective responsibility in risk management. 	
<u>Reasons</u>	
<p>The risk management process adopted by the Council has been reviewed to incorporate changes in the way the Council works and to provide continuity and streamlined reporting of risks to allow the process to become further embedded at each level of the authority. This will also aid the identification of key risks that potentially threaten the delivery of the Council's corporate priorities. The Risk Management Strategy provides a formal and proportionate framework to manage these identified risks and thus reduce the Council's exposure.</p>	

1. Background

1.1 The Council annually reviews its Risk Management Policy Statement and Risk Management Strategy.

1.2 The last review of the Risk Management Policy and Strategy was in April 2023.

2. Issues

2.1 Slight changes to names and descriptors of officers, Members and roles.

3. Recommendation

3.1 To accept the reviewed Risk Management Policy statement and Strategy documents.

4. Reasons

4.1 To offer a continual review process to minimise and mitigate risks.

5. Options Considered

5.1 N/A. Reporting is undertaken in accordance with the RMS.

6. Legal and Statutory Implications

6.1 It is considered that the RMS and the procedures it sets out, including the escalation of risks and reporting to this committee satisfies the requirements of the Accounts and Audit (England) Regulations 2015 which state that:

*“The relevant body **is** responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk”.*

7. Equality Impact Assessment

7.1 There are no differential equality impact issues in relation to this report.

8. Financial and Resource Implications

8.1 There are no resource implications in respect of the management and reporting of risk, outside of usual establishment provision for the costs of delivering that service. Finance and resource implications arising from particular risks are identified and managed as part of the risk profile in question.

9. Major Risks & Mitigation

- 9.1 Limited resource to ensure timely compliance with the processes in the RMS leaves the council unable to appropriately identify and manage a potentially significant wide range of risks.
- 9.2 That could lead to a wide range of organisational governance and service or project delivery failures. Impacts could be profound in financial and health and wellbeing terms for the organisation, its employees and partners and the people and organisations it delivers services to. It could mean the Council may be unable to comply with the legal requirements set out above in respect of the management of risk.

10. UN Sustainable Development Goals (UNSDG)

- 10.1 Good risk management is a key part of the overall delivery of the Council's four corporate priorities of; Local Services that Work for Local People, Growing our People and Places, a Healthy, Active and Safe Borough, a Town Centre for all. Officers assess sustainability and climate change implications as part of their local services.



11. Key Decision Information

- 11.1 N/A

12. Earlier Cabinet/Committee Resolutions

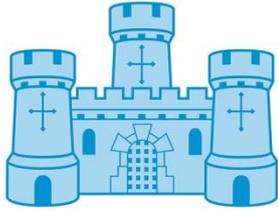
- 12.1 Previous Minutes from Committee meeting held on 17 April 2023.

13. List of Appendices

- 13.1 Appendix A – Risk Management Policy Statement and Risk Management Strategy.

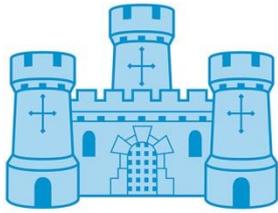
14. Background Papers

- 14.1 2023/2024 Risk Management Policy and Strategy.



NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

RISK MANAGEMENT POLICY STATEMENT **2024/2025**



RISK MANAGEMENT POLICY STATEMENT 2024/2025

1. Purpose

The purpose of this policy statement is to recognise and communicate the responsibility of Newcastle-under-Lyme Borough Council ('the council') in managing both external and internal risks through identified and endorsed best practice as described by the Association of Local Authority Risk Managers (ALARM), CIPFA and other relevant bodies connected to effective risk management. There is also an agreed responsibility on the council to identify, examine and cost effectively control risks to ensure they are eliminated or reduced to an acceptable level.

The overall policy, therefore, demonstrates the Council's ongoing commitment to maintain risk management as an important part of the daily operations of the council.

2. Commitment to Risk Management

The Leader of the council, the council's Cabinet portfolio holders and the council's Corporate Leadership Team (CLT) are committed, collectively, to:-

- Identifying and adopting best practice, where possible, in the identification, evaluation and cost effective control of risks;
- Ensuring risks are reduced to a level that sits within the council's appetite, and/or are eliminated; and;
- Maximising opportunities to achieve the council's corporate priorities and to deliver core service provisions at all times

2.1 It is acknowledged that some risks will always exist and will never be eliminated. These risks therefore, will be tolerated or mitigated as far as reasonably practicable by the council, and the council will ensure that they are reviewed and reported on a regular basis to ensure they do not worsen.

2.2 All employees must understand the nature of any risk and accept responsibility for those risks associated with their area of work. In doing so they will receive necessary support, assistance and commitment from senior management and elected Members.

2.3 The council's risk management objectives are an important part of good management and effective governance practices. These objectives need the full and continuing support of elected Members and the active

participation of CLT and Service Directors in ensuring that they are realised and actioned where possible.

Risk management is one of the principal elements of Corporate Governance and is a key contributor to ensuring a sound internal control environment at any organisation. Through the implementation and embedding of an effective risk management framework, the council will ensure that it is better placed to positively manage its levels of performance, achieve its corporate priorities and provide an enhanced level of service to its stakeholders, including the citizens of the Borough.

- 2.4 This strategy, therefore, sets out and demonstrates how the council is discharging its responsibility to manage risk effectively and also how it is maximising opportunities too, by using a structured and focused approach to risk management.
- 2.5 The council will continue to develop and maintain a systematic framework and process for managing corporate, strategic, operational, project and partnership risks and will review this framework annually. This will include assessing risks for impact and likelihood, identifying and allocating responsibility for their mitigation and receiving assurances about ongoing management of these risks.
- 2.6 The key benefits of this framework and a strong risk culture throughout the organisation are:-
- A consistent focus on what needs to be done to achieve our objectives;
 - The encouragement of enhanced partnership working to identify, manage and mitigate the risks facing the community as a whole;
 - Delivering improvements in meeting the needs of the community, minimising complaints and achieving improvements in service delivery;
 - Supporting the use of innovative approaches to improving outcomes and achieving better value in the use of public money;
 - Better management and delivery of change programmes;
 - Greater control of insurance costs, including reductions/limitations in insurance premium costs;
 - Protection and enhancement of the reputation of the council; and
 - To anticipate and respond proactively and reactively to the changing social, environmental, political, legislative, economic and, technological context the council works within and to deal with a whole range of competitive and citizen-based requirements.
- 2.7 Newcastle-under-Lyme Borough Council is committed to genuinely embedding risk management and all its elected Members, employees, service providers, partners and stakeholders are encouraged and expected to commit to developing the culture, ethos and practice of risk management in every activity they undertake. The overall risk management approach for the organisation will therefore focus on pragmatic, meaningful assessment

and treatment of risks and will discourage the capturing of generic, intangible corporate risks or non-relevant information where possible.

- 2.8 Risk is not restricted to potential threats but can be connected with opportunities. Good risk management can facilitate proactive, rather than merely reactive, defensive responses. Measures to manage adverse risks are likely to help with managing opportunities both in the short and long terms.

This policy, therefore, provides a clear statement of direction for risk management as it is operated in the council, and by the council in dealings with other bodies.

3. **The council**, in providing a risk management function: -

- Recognises that good risk management practice is an integral part of management responsibilities if the highest quality services are to be delivered to the community in the most cost effective way;
- Recognises that risk management can be used as a valuable tool at a corporate level as well as at operational/service/functional level;
- Is committed to manage all of its activities in a way which minimises risks to people, property, services and its finances and to protect its assets through effective and efficient risk management; and
- Recognises that effective risk management is an integral part of robust performance management and good governance within the Council, as managing identified risks and controlling the potential negative consequences, whilst identifying opportunities, helps to ensure the delivery of objectives and priorities.

The council's key corporate priorities, as set out in the Council Plan, are:-

- One Council delivering for Local People.
- A successful and sustainable growing Borough.
- Healthy, Active and Safe communities.
- Town Centres for all.

Each of these priority areas has a number of objectives within them that the council works towards on an on-going basis as part of service planning and organisational development. Progress against these is measured and publicly reported through a number of different channels.

The council has a statutory responsibility to have in place arrangements for managing risks as stated in the Accounts and Audit (England) Regulations 2015:-

“The relevant body **is** responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and

the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk”.

4. In order to manage risks the council has adopted an approach that is used across all services. The Council acknowledges that risks occur in the day-to-day delivery of services, the delivery of individual projects and initiatives, and in relation to any important decisions facing the council and its key partners. We should do what is reasonable to prevent or minimise the impact of these risks and to maximise opportunities when they arise.
5. The rationale behind the risk management process is that the predictable risks are identified and managed, allowing the greatest level of control possible to be put in place. In this sense the risk management process then allows managers to free up capacity to deal with any as-yet unidentified risks as they emerge.
6. To meet the responsibilities above, the council will: -
 - Ensure that risk management retains a high profile in the culture of the council;
 - Ensure clarity as to what needs to be done to achieve objectives;
 - Manage risk in accordance with best practice in line with ALARM & CiPFA guidance and advice;
 - Anticipate and respond to changing social, environmental, legislative, political, economic, technological, competitive and citizen requirements;
 - Prevent injury, damage and losses and reduce the cost of risk where possible;
 - Protect the council's assets;
 - Provide the best possible service to customers;
 - Maintain the reputation of the council;
 - Realise opportunities;
 - Promote innovation to achieve objectives; and
 - Ensure that risk management arrangements with our partners are robust.
7. The above will be achieved by:-
 - Reporting risk through a hierarchy of Service Directors, Statutory Officers, CLT, Informal Cabinet and then ultimately to the council's Audit & Standards Committee;
 - Implementing a Risk Management Strategy that establishes clear roles, responsibilities, escalation and reporting lines within the council for risk management;
 - Providing opportunities for shared learning around risk management across the council;
 - Offering a platform for identifying and prioritising risk areas;
 - Reinforcing the importance of effective risk management as part of everyday work of employees;

- Incorporating risk management considerations into all aspects of the council's work. Including risk management capabilities in to policy and strategy making, service plans and in the performance challenge process for Service Directors;
 - Monitoring arrangements on an ongoing basis;
 - Regularly reviewing its arrangements to ensure it is following best practice and will consult with stakeholders; and
 - Engaging with stakeholders, including key partners and contractors, to develop their understanding of risk management and to ensure that they are engaged in effective risk management themselves.
8. The Chief Executive and the Leader will be asked to sign off the policy and strategy as part of displaying both their commitment to risk management and also the organisation's commitment to these processes.

Signed:

Date: APRIL 2024

Leader

Signed:

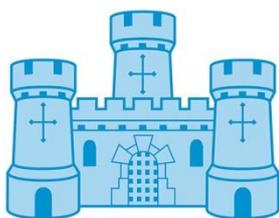
Date: APRIL 2024

Chief Executive

Classification: NULBC **UNCLASSIFIED**

Change: Page 4, Item 3 – Corporate Priorities updated September 2022.

Classification: NULBC **UNCLASSIFIED**



RISK MANAGEMENT STRATEGY 2024/2025

1. Purpose

The purpose of this strategy is to: -

- Demonstrate how the Risk Management policy is to be implemented through Newcastle-under-Lyme Borough Council's commitment to risk management;
- Describe the objectives of risk management and provide a framework for embedding risk management further across the organisation with defined roles and responsibilities and a structured process. This will then ensure that opportunities are maximised and risks minimised; and
- Enable the council to develop risk management further through its effective use in its management and decision making processes.

2. Objectives of the Risk Management Strategy

The objectives of the strategy are:-

- To clearly identify the roles and responsibilities of people at all levels and ensure that all parties understand how they should contribute to effective risk management;
- To ensure a consistent process for identifying, evaluating, controlling, reviewing, reporting and communicating risks across the council is implemented, understood and embraced by all staff and members;
- To embed risk management into the ethos, culture, policies and practices of the council;
- To ensure that risk management is a key and effective contributor to the Annual Governance Statement; and
- To manage risk in accordance with recognised best practice through guidance provided by the Association of Local Authority Risk Managers (ALARM) & CIPFA (together with other relevant bodies)

3. Achievement of objectives

3.1 ***To clearly identify the roles and responsibilities of people at all levels and ensure that all parties understand that they should contribute to effective risk management.***

Responsibility for risk management runs throughout the council and involves elected Members, senior officers and all other employees (see Appendix A).

Clear identification of roles and responsibilities will ensure that risk management is embedded in all policy making, decision making, policy approval (strategic) processes and service delivery (operational) processes, as well as providing sufficient resources to both implement this strategy and thus ensuring systems are sustainable.

The roles and responsibilities are outlined at appendix A.

3.2 *To ensure the implementation of a consistent process for the identifying, evaluating, controlling, reviewing, reporting and communicating of risks across the council that is understood and embraced by all key stakeholders*

To assist with the approach to risk management and to ensure consistency across the council, a guidance document (appendix B) on the council's risk management process has been devised and developed for use by relevant individuals, services and organisations.

By effectively managing risks and opportunities the council will be in a stronger position to deliver its: -

- Corporate Priorities and Objectives;
- Services to the public;
- Partnership working agenda;
- Best value/value for money procedures and processes; and
- Identified outcomes

It will also inform the business processes of the council including: -

- Strategic/corporate planning;
- Financial planning;
- Service planning;
- Policy making and policy reviews;
- Performance management framework;
- Project management processes and frameworks;
- Partnership working;
- Internal controls and internal audit; and
- Business continuity and emergency planning arrangements

With responsibility for achieving objectives, sits identifying risks, assessing them, developing controls and warning mechanisms, reviewing and reporting on progress, by key individuals within the organisation.

Some objectives, however, are reliant on external organisations with which the council works e.g. key partners and contractors. Working with external organisations could affect the achievement of objectives and this must be taken into account when delivering the key elements of this strategy.

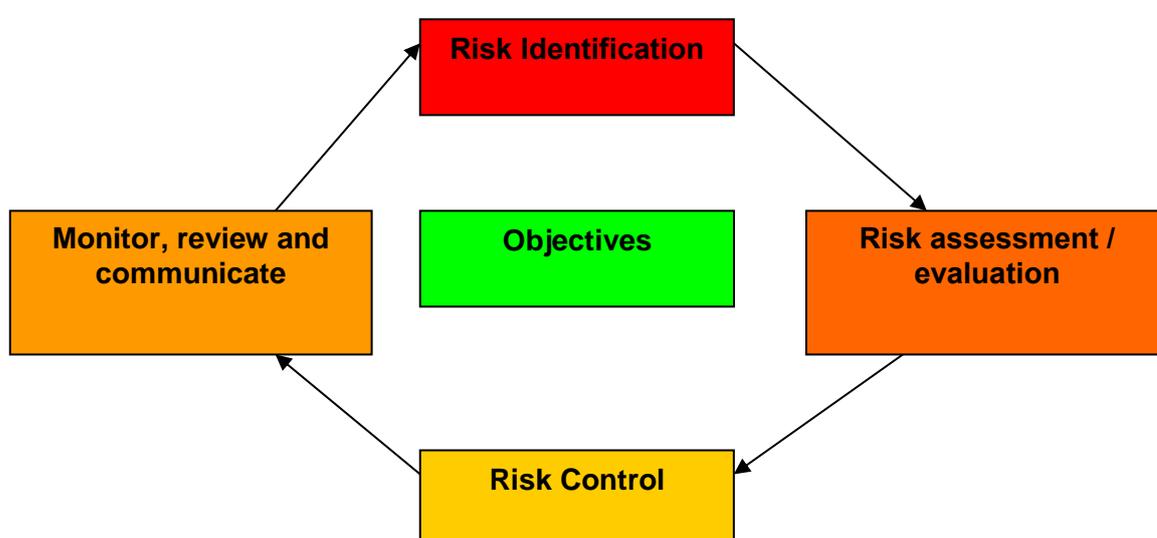
The strategic risk champion and other nominated risk champions have responsibilities including the support, challenge and recording of risks within their directorates or service areas. They will assist in the compiling of risk

registers, whilst ensuring that the risk management strategy is followed as far possible. Officers who are involved in specific projects or operational activities will be responsible for identifying, assessing, developing, reviewing and reporting of risks. This will enable constructive discussions of the identification of risks, further actions and controls for the profiles to be undertaken on an ongoing basis.

The management of risk is an important part of the corporate planning and policy making/decision making processes, and in the key areas of project and change management.

Below is a summary of the council's risk management process. For an in-depth explanation, please refer to appendix B.

Summary Guide



3.2.1 Objectives

Any organisation is primarily concerned with the achievement of objectives. You need to know what you are trying to achieve before you can start to think about the risks that could have an impact on your success.

The more clearly objectives are defined, the more it will help you consider those risks that could actually impact your objectives. When setting objectives remember to make them **Specific, Measurable, Agreed, Realistic** and **Time bound (SMART)**.

At strategic level - the Council has four Corporate Priorities to which strategic risks are linked.

At operational level - each service has a number of service or business objectives contained within each Priority Delivery Plan (PDP) to which operational risks are linked.

At project level - the relevant project brief or project initiation document details the aims and objectives of the project.

At partnership level - the partnership agreement or other formally agreed arrangements will detail the aims and objectives of the partnership.

3.2.2 Risk identification

What could go wrong?	Use available documents e.g. Council Plan, Priority Delivery Plans, appraisals etc. to establish what is planned and start to identify what risks could occur as a result of these plans
Ensure risks are structured – what are the key elements to each risk?	E.g. if we don't review and manage our budgets, is there a risk we could overspend? What things are we looking at in terms of a risk like this?
What type of risk is it?	Strategic, Operational, Project
What category is it?	e.g. political, e-Government/ICT, regulatory, financial/fraud, opportunities, reputation, management, assets, new partnership/project, customer/client/citizen Environmental (see Appendix B(i))

At strategic level, the Corporate Leadership Team (CLT) identify strategic and cross-cutting risks through facilitated awareness sessions. The risks identified are:

- Those that could significantly impact on the achievement of the Council's overall priorities;
- Those that are recorded in the Corporate Risk Register and individual Directorate Risk Registers; and
- Those that can be used to inform policy decisions.

At operational level – Service Directors and Business Managers identify operational risks that may prevent them from achieving business objectives identified in their priority delivery plans, as well as any measures and actions to manage these risks. The risks identified are: -

- Those that could significantly impact on the achievement of the Business objectives;
- Those that are recorded in each Directorate's Operational Risk Register; and
- Those that can be used to inform meetings/actions between Business Managers and Service Directors, and completion of the day-to-day services.

At project level - Project Managers will identify the risks that could impact the successful delivery of the project. The risks identified are: -

- Those that could significantly impact the achievement of the project;
- Those that are recorded in the Project Risk Register (whether on the corporate GRACE system or the Project Plan risk register);
- Those that can be used to inform both strategic and operational risk identification

At partnership level - the Council has developed a working agreement to instigate the Lead Partner risk management framework. This will deliver

- A framework for all staff involved in considering new partnership workings.
- Assist members and officers wishing to review existing arrangements.

3.2.3 Risk assessment/Evaluation

In assessing and evaluating the risks identified, you need to ask a number of fundamental questions. From this, you will get a risk 'score' (or rating). This 'score'/rating will determine your future actions.

L I K E L I H O O D	HIGH	Amber C	Amber D	RED E
	MEDIUM	Green B	Amber C	Amber D
	LOW	Green A	Green B	Amber C
		Low	Medium	High
IMPACT				

What would be the impact on the council if the risk actually happened?

How likely is it to happen?

Based on the answers above, plot the rating on the table opposite

The bold line on the matrix is the **limit of the council's risk tolerance**, i.e. how much risk it is willing to take before intervention begins. Control of the risks should effectively move the final risk ratings to the amber and green sections of the table (see Appendix B (ii), however this may not always be possible due to external factors.

3.2.4 Risk Control

Risk control is the name given to the process of working towards mitigating the identified risks. This is done by identifying current controls in place and possible actions that may reduce either the impact or the likelihood of the risk further and will therefore mean that the final rating is contained within the **council's risk appetite** (the green and amber sections of the table above). In undertaking risk

control a number of questions can be asked as part of the risk management process.

Who owns the risk? What is in place to reduce the impact and/or likelihood of the risk? What else do you need to do or could do to control the risk? (see Appendix B(iii))	Priority	Review Period (months)	Action			
			Tolerate	Treat	Transfer	Terminate
	High	1		√	√	√
	Medium	3 (1/4ly)	√	√	√	√
	Low	6 (half yearly)	√	√	√	√

3.2.5 Monitor, Review and Communicate

Key questions to consider as part of this process: -

- Are the controls you have put in place effective?
- Has the risk changed either as the result of what you have done or other factors?
- Does it need escalating, having gone through all the checks you need to make?
- Are new risks evolving as a result of the existing risk or due to other factors?
- Who do you need to inform – internally and externally to the council?

Key to what prompts what kind of action: -

Red	High risk, prompt action, contingency plan, monitor at least monthly
Amber	Medium Risk, contingency plan, monitor at least quarterly
Green	Low risk, monitor at least half annually/annually

3.3 *To embed risk management into the ethos, culture, policies and practices of the council*

Risk management is established at the council, but this strategy is seeking to build on it. The aim is to ensure that risk management plays an integral part in decision-making and the day to day business of the council in a structured uniform manner.

Risk management will be part of and included in the council’s processes, policies and documents but not limited to: -

- Development and maintenance of the Constitution;
- Economic Development Strategy;

- Active Leisure Strategy;
- Council Plan;
- Medium Term Financial Strategy;
- Service Plans;
- Code of Corporate Governance;
- Code of Practice on Procurement;
- Reports to support key decisions;
- Performance management;
- Policy planning; and
- Financial management

3.4 To continue to ensure that risk management is a key and effective contributor to the Annual Governance Statement

To achieve this: -

3.4.1 Service Directors are required to make statements as to the effectiveness or otherwise of their systems for identifying, monitoring and managing corporate and operational risks. This is confirmed by the signing a Controls Assurance Statement each year.

3.4.2 Confirmation is obtained from the Information Governance Group and the Audit & Standards Committee and internal Audit, who use CiPFA best practice that the council's risk management framework is judged to be sufficiently robust and that assurance statements properly reflect the risk environment and its management of those risks.

3.4.3 The risk registers of the council will be a factor in internal audit planning.

3.5 To manage risk in accordance with best practice

3.5.1 The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit (England) Regulations 2015:

“The relevant body **is** responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk”.

Risk management is recognised as an important element of good governance. The CIPFA/SOLACE governance framework “Delivering Good Governance in Local Government” seeks to ensure that risk management is embedded into the culture of the authority with members and officers recognising that risk management is part of their jobs.

3.5.2 Good internal control ensures that the processes and procedures operate in an orderly and efficient manner, statutory and management requirements are complied with, assets are safeguarded and records complete and accurate.

- 3.5.3** Performance monitoring ensures the treatment of risk remains effective and the benefit of implementing risk control measures outweighs the costs of doing so. It is a continual review not only of the whole process but also of individual risks or projects and of the benefits gained from implementing risk control measures.
- 3.5.4** Data quality needs to ensure that the data used for performance monitoring and to inform decision making is accurate, reliable, timely and fit for purpose. If data is misleading, it could lead to flawed decision making, wasted resources, services that may not improve and the development of ill-founded policy.
- 3.5.5** The business continuity process is a form of risk management applied to the whole council and its ability to continue with its service provision in the event something occurring which potentially affects that ability. The council must ensure risk management processes are applied throughout the business continuity lifecycle.
- 3.5.6** The achievement of effective Health and Safety policies, processes and procedures has been committed to by the council with the development of policy and guidance specifically addressing the management of health and safety risks.
- 3.5.7** The council's risk appetite allows them to take risks to achieve the Corporate Priorities listed previously. It weights up the risk against opportunity benefit when undertaking an action or whether to deliver a specific project. It does not however have an appetite for extreme risk taking that could result in injury or loss of life to public, stakeholders, Member and officers.
- 3.5.8** Risk tolerance at the council is also important – it weighs up the risk and opportunity of what it is aiming to achieve, and will then decide whether to continue to operate as normal (tolerate) with extra mitigations in place (treat), to ask someone else to deliver (transfer) or to stop (terminate) the risk.

4. Conclusion

By embracing risk management, the council will make the most of the opportunities it faces whilst operating within a risk-aware environment.

Date of Approval:	April 2024
Approved by:	Audit & Standards Committee
Next review due:	April 2025
Version:	15.1
Changes:	See below
Previous version:	14.1

Changes	March 2024	1. Basic name and descriptors
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APPENDIX A

Group/Individual	Roles and Responsibility
Leader of the Council	<ul style="list-style-type: none"> • Promotes the concept and practice of risk management across the organisation and amongst all elected Members
Finance, Town Centres and Growth Portfolio Holder	<ul style="list-style-type: none"> • Member risk champion • Promotes the concept and practice of risk management across the organisation and amongst all elected Members • To receive quarterly updates on risk from the Corporate Leadership Team via the Corporate Risk and Insurance Officer for inclusion in Informal Cabinet meetings where appropriate
(Informal) Cabinet	<ul style="list-style-type: none"> • Identifying and adopting best practice, where possible, in the identification, evaluation and cost effective control of risks; • Ensuring risks are reduced to a level that sits within the council's appetite, and/or eliminated; and; • Maximising opportunities to achieve the council's corporate priorities and to deliver core service provisions at all times
Audit & Standards Committee	<ul style="list-style-type: none"> • Approves and agrees changes to the risk management policy and strategy. • Monitors the council's risk management arrangements • Monitors the council's high level risks as and when they occur • Provides independent assurance that the risk management framework and associated control environment is being managed effectively and the statement of internal control correctly reflects the risk environment
All elected Members	<ul style="list-style-type: none"> • Advocate good risk management processes • Ensure that risks have been robustly assessed in reports presented to elected Members
Chief Executive	<ul style="list-style-type: none"> • Ultimate responsibility for Corporate, strategic and operational risk management across the council • Ensures that all strategies and policies contain risk management as an inherent part of their structure which helps drive the organisational change leading to excellence • Ensures that risk management practices across the council reflect best practice. • Ensures that risk management issues are fully considered in the decision making process. • Drives excellence through the council with strong support and well managed risk taking.

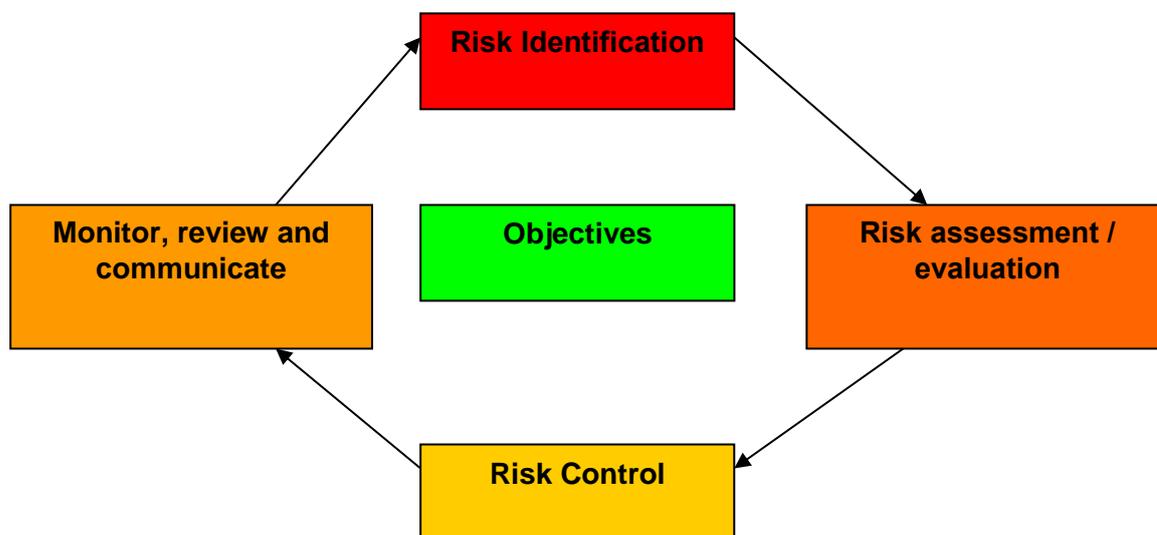
	<ul style="list-style-type: none"> • Ensures that the council manages its risks effectively through the development and monitoring of its risk management strategy.
<p>Service Director – Legal & Governance - Chair of Information Governance Group (IGG)</p>	<ul style="list-style-type: none"> • Ensures that Corporate Leadership Team (CLT) are aware of any issues that have been escalated by the IGG and cannot be resolved and ensures that these are noted in minutes of CLT and actioned accordingly either by or on behalf of the CLT • Provides assurance to the Audit & Standards Committee as appropriate that the risks are being managed in accordance with the Risk Management Strategy
<p>Corporate Leadership Team</p>	<ul style="list-style-type: none"> • Ensure that the risk management process is promoted, developed, managed and implemented effectively in their service areas. • Make decisions as to which service risks may warrant inclusion on their strategic risk register • Take ownership of strategic risks in their directorates and include them in the corporate risk register • Disseminate relevant information to service managers and employees • Escalate where necessary any issues that cannot be resolved to the Audit & Standards Committee for advice on decisions • Establish and monitor a rolling programme of operational risk reviews • Promote good risk management practice throughout the council in conjunction with IGG • Ensuring that when Cabinet reports are written by their officers, that a relevant up to date risk assessment is provided where applicable, before being signed off for submission to Cabinet • Ensure that the appropriate portfolio holder is aware of detailed risk assessments when discussions begin on any proposal
<p>Information Governance Group (IGG)</p>	<ul style="list-style-type: none"> • Promote good risk management practice throughout the council in conjunction with the CLT • Support the development of the risk management process, share experience on risk and aid/advise in the review of risk management reviews • To review the risk management policy and strategy where necessary • To identify trends and priorities across the council • Liaise with specialist risk groups in order to inform the strategic risk registers • Ensure processes are in place to report any new/perceived (key) risks or failures of existing control measures

	<ul style="list-style-type: none"> • Report on key performance results to the CLT and Audit & Standards Committee • To accept and make decisions on the course of action of any issues brought to them by Service Directors or the strategic risk champion • To escalate any issues to CLT where necessary
<p>Service Directors, Business Managers and Project Managers</p>	<ul style="list-style-type: none"> • Ensure the completion of project risk registers where appropriate • Liaise with specialist risk groups in order to inform the any relevant strategic and operational risk profiles (e.g. Health & Safety, legal, environmental) • To accept and make decisions on any issues escalated to them by the risk champions • To escalate, where necessary, any risks, overdue actions and reasons for such, overdue risk reviews to the IGG, where a higher decision is needed and cannot be resolved at this level • Monitor the implementation of action plans and control assurance programmes • Report key performance results • Promote and share best practice across the directorate • Monitor (and share with the service director) situations where: - <ul style="list-style-type: none"> - risks are rising in the level of security; - circumstances where managers have been unable to implement the agreed mitigating actions; - risks could potentially have an impact on other services • To understand the escalation process of risks, action plans and issues • To accept the notification of any incidents or near-misses reported to them by employees or risk champions, and record them appropriately
<p>Corporate Risk and Insurance Officer (CRIO) (Strategic Risk Champion)</p>	<ul style="list-style-type: none"> • Develop and maintain a risk management process reflecting established best practice • Lead on the annual review of the risk management policy, strategy and methodology, helping to ensure all aspects of the process remain robust. • Ensure risks are reviewed and reported to management in line with the timelines in the risk management framework • Collate and administer the corporate risk registers • Prepare annual and quarterly risk management reports for the Audit & Standards Committee • Identify and communicate risk management issues to the CLT for dissemination to services and assist in undertaking risk management activity through guidance, training or direct support.

	<ul style="list-style-type: none"> • Promote risk management process throughout the council with both members and officers ensuring the process is embedded, effective and reflects best practice. • Consult with the CLT concerning risk issues • Act as a lead support officer for the IGG • Manage the insurance fund and external insurance contract • Liaise with external insurers to ensure that future premiums reflect all risk management activities being undertaken • Administer the designated risk management system for managing and controlling risks • Monitor and report to the IGG any issues that arise either from strategic risk reviews, overdue risk review reports, non-compliance with guidelines laid out in the risk management framework/approach by employees of the council, reported to them by the operational risk champions • Identify any emerging risks and incorporate into the relevant risk registers • Report to the IGG any further support required
Operational Risk Champions	<ul style="list-style-type: none"> • To assist Heads of Service to maintain operational risk registers. • Monitor and report to Service Directors any high risks and any issues that may arise in respect of overdue actions/overdue reviews and other problems they encounter for them to either deal with or to escalate to the IGG via the strategic risk champion. • Update the operational risk profiles on the designated risk management system. • Report to the CRIO any further support required. • Ensure that incidents occurring or near-misses are reported to Service Directors, for escalation to IGG or CLT as needs be.
Employees	<ul style="list-style-type: none"> • Manage risks effectively in their jobs. • Raise any perceived/new risks for their service area with the appropriate line manager/business manager/head of service or risk champion for inclusion in the risk register. • Report any incidents or near-misses to their risk champion or Service Director.

APPENDIX B

Risk Management Process



Step	Title	Description
1	Objectives	<p>Start of the process – concerned with achievement of objectives – the clearer the objectives then more chance there is of achieving them.</p> <p>Objectives must be SMART – Specific, Measurable, Agreed, Realistic, Time-bound.</p> <p><i>Strategic:</i> the council has four priorities to which strategic risks are linked <i>Operational:</i> each service has a number of business objectives contained within the Priority Delivery Plan to which operational risks are linked <i>Project:</i> each project document details the aims and objectives of the project <i>Partnership:</i> the partnership agreement or formally agreed arrangements will details the aims and objectives of the partnership</p>
2	Risk identification	<p>Risk identification tries to identify the council’s exposure to uncertainty. You need to use your imagination, creativity, involvement and experience in this part of the process. Identify the risks that <i>may</i> stop you from meeting your objectives – it may be useful to use the list of risk categories as a guide: political; e-government; regulatory; financial/fraud; opportunities; reputation; management; assets; new partnerships/projects;</p>

		<p>customers/clients/citizens/children; environmental (a description of these can be found at appendix B(i)).</p> <p>Corporate risks are those that</p> <ul style="list-style-type: none"> • Could impact significantly on the achievement of the council’s four priorities <p>Strategic risks are those that</p> <ul style="list-style-type: none"> • Are recorded in Service Director’s strategic risk assessments • Used to inform policy decisions <p>Operational risks are those that</p> <ul style="list-style-type: none"> • Impact significantly on business objectives • Are recorded in the individual service risk registers • Are used to inform strategic and corporate risk registers where appropriate <p>Project risks are those that</p> <ul style="list-style-type: none"> • Could impact significantly on the achievement of the project • Are recorded in the project risk register • Are used to inform both strategic and operational risk identification <p>Partnership risks are those that</p> <ul style="list-style-type: none"> • Could significantly impact on the achievement of the partnerships aims and objectives • Are recorded in the partnership risk registers • Are used to inform both strategic and operational risk identification <p>There are three elements to any risk scenario</p> <ul style="list-style-type: none"> • The vulnerability describes the situation (that may be perceived) that exposes the council to risk • The trigger is an event or change in situation that has a negative/positive result • The consequences are the events that follow should the risk occur
3	Risk assessment/evaluation	Areas of potential risk need to be systematically and accurately assessed. The process requires an assessment of: -

		<ul style="list-style-type: none"> • The <i>impact</i> it would have if a risk event occurs • The <i>likelihood</i> of the risk event occurring • Possible resources needed and other implications • The priority of the risk for action in relation to the council’s risk tolerance level (amber and green areas on the table/matrix of risk ratings) <p>Once threats and opportunities have been identified their potential “inherent” risk is evaluated – i.e. with no controls in place and using the matrix found in appendix B (ii).</p> <p>The risk is then re-evaluated taking into account the effectiveness of the controls in place. This result is the “residual” risk rating, or – put another way – the final risk rating.</p>
4	Risk control	<p>Some risks cannot be eliminated completely. Risk management is the process of taking action to minimise the likelihood of the risk occurring and/or to reduce the impact if it does happen.</p> <p>To control the possibility of the event occurring, you need to determine a course of action to try to reduce the risk. Such actions are likely to include the following: tolerate (live with the risk), treat (deal with the risk), transfer (move the risk onto another organisation) or terminate (stop doing whatever it is that is creating the risk) – those actions can be determined by the further action plans you put in place to control the risk further (if any). A description of the action categories can be found at appendix B(iii).</p> <p>Clear responsibility for managing the risk to an appropriate ‘risk owner’ must be assigned. The risk owner can then give responsibility of further action to designated officers that enable them to still influence the risk.</p> <p>The further actions must be <u>SMART</u> and must be developed appropriate to the risk identified.</p> <p>Any such actions are entered into the risk register and monitored.</p>
5	Monitor, review and communicate	<p>There must be monitoring and review of:</p> <ul style="list-style-type: none"> • The risk itself • The implementation of the <i>agreed</i> control measures • The effectiveness (or otherwise) of any further actions

		<ul style="list-style-type: none">• Were an incident to occur, it is recorded and used to inform a lessons-learnt report <p>As part of the review cycle, risks and actions will be re-analysed and the cycle will continue as shown in the cycle at the top of this appendix.</p> <p>Review and communication of the risks, controls and actions must be reported in line with the timescales shown at appendix B(iv) and dealt with accordingly – i.e. escalated, received and agreed.</p>
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Check List for Risk Identification – Categories (not exhaustive)

Political	Politicians and politics, including Member support/approval Electorate dissatisfaction, election changes and new political arrangements
E-Government	Using new or existing technology Lack of, or failure, of technology Lost or stolen data, Inaccurate or poor quality data, Disaster recovery, jacking or corruption of data, breach of security
Regulatory/Legislative	Central government policy, Legislation, internal policies and regulations, grant funding conditions, Data Protection, Freedom of Information, Race Equality and Diversity, Disability Discrimination, Human Rights, Employment Law, TUPE, Health & Safety, Potential for legal challenges, judicial reviews
Financial/Fraud	Budgetary pressures, loss of/reduction in income cost of living, interest rates, inflation etc. Financial management arrangements, Investment decisions, Sustainable economic growth Affordability models and financial checks, Inadequate insurance cover External funding issues including loss of (or reduction in) funding System/procedure weaknesses that could lead to fraud
Opportunities	Opportunities to add value or improve customer experience/satisfaction Reduce social exclusion and disparities, Increase employment, education and training Improve health, reduce health inequalities and promote healthy lifestyles Opportunities to reduce waste and inefficiency and minimise the use of natural resources, increase Recycling, minimise air, soil, water, light, noise pollution, greenhouse gas emissions and energy use Reduce the need to travel and encourage the use of public transport, cycling and walking Encourage local sourcing of food, goods and materials, Conserve, restore and enhance biodiversity Reduce crime, fear of crime and anti-social behaviour
Reputation	Consultation and Communication, Negative publicity (local and national) from service or project failure, legal challenges
Management	Key personalities, loss of key staff, recruitment and retention, management arrangements/protocols Lack of/or inadequate management support, poor communication Capacity issues – enough, training issues, availability, sickness absence etc. Emergency preparedness/Business continuity

Assets	Land, property, listed buildings and ancient monuments, equipment, information, cultural and recreational assets. Includes health and safety or business continuity, abuse of intellectual property, data protection
New/ongoing Partnerships/ Projects/Contracts	New initiatives, new ways of working, new arrangements/relationships New policies/procedures Managing change
Customers/Citizens Clients/Children	Demographic change, Current and changing needs and expectations of customers Impact on customer of service or project failure, Consumer protection Crime and disorder, Health and Safety risks, Impacts on health inequalities Effects on physical and mental health and sense of social wellbeing, loss of independence and need for social care support
Environment	Policies/plans that significantly affect the environment need a sustainability impact appraisal Recycling, green issues, energy efficiency, land use and green belt issues, noise, contamination, pollution, increased waste or emissions, conservation and wildlife, habitats and species issues Impact of planning or transportation policies Climate change such as increased temperatures and flooding, Ecological footprint, flood plains Environmental assets such as landscape, countryside, historic environment and open space

IMPACT MEASURES AND CLASSIFICATION

APPENDIX B(ii)

	High (red)	Medium (amber)	Low (green)
Health & Safety	Death, abuse, life threatening <u>OR</u> permanent disability	Serious injury <u>OR</u> long-term absence from work (over 7 days)	Minor injury <u>OR</u> short-term absence from work (less than 7 days)
Cost	More than £300k	Between £50-£300k	Between £20-£50k
Reputation	National media attention, potential public interest report, third party intervention	Sustained local media attention, Corporate Leadership Team reporting, Member interest	Short term local media attention, Service Director reporting (depending on the issue)
Service Delivery	Serious service failure directly affecting partners, stakeholders (more than 1 month)	Service failure but not directly affecting partners or stakeholders (up to 1 month)	Service disruption (between 1 day to 2 weeks)
Project Delivery	Project failure impacting on council's priorities and performance	Project failure impacting on Directorate's performance and priorities	Project delay impacting on service performance and priorities
Legal implications	Statutory body, partner or enforcement agency	Member and or Corporate Leadership Team	Service Directors (where appropriate)

Likelihood Measures

	High (red)	Medium (amber)	Low (green)
Timescale	Highly likely to occur (90%+ chance)	Likely to happen (50-89% chance)	Possible (1-49% chance)
	An incident has occurred in the past year <u>OR</u> is highly likely to occur in the next year	An incident has occurred in the past 2-5 years <u>OR</u> is likely to occur in the next 2-5 years	An incident has occurred in the past 6+ years <u>OR</u> is likely to occur in the next 6+ years

L I K E L I H O O D	High	C Amber	D Amber	E Red
	Medium	B Green	C Amber	D Amber
	Low	A Green	B Green	C Amber
		Low	Medium	High
IMPACT				

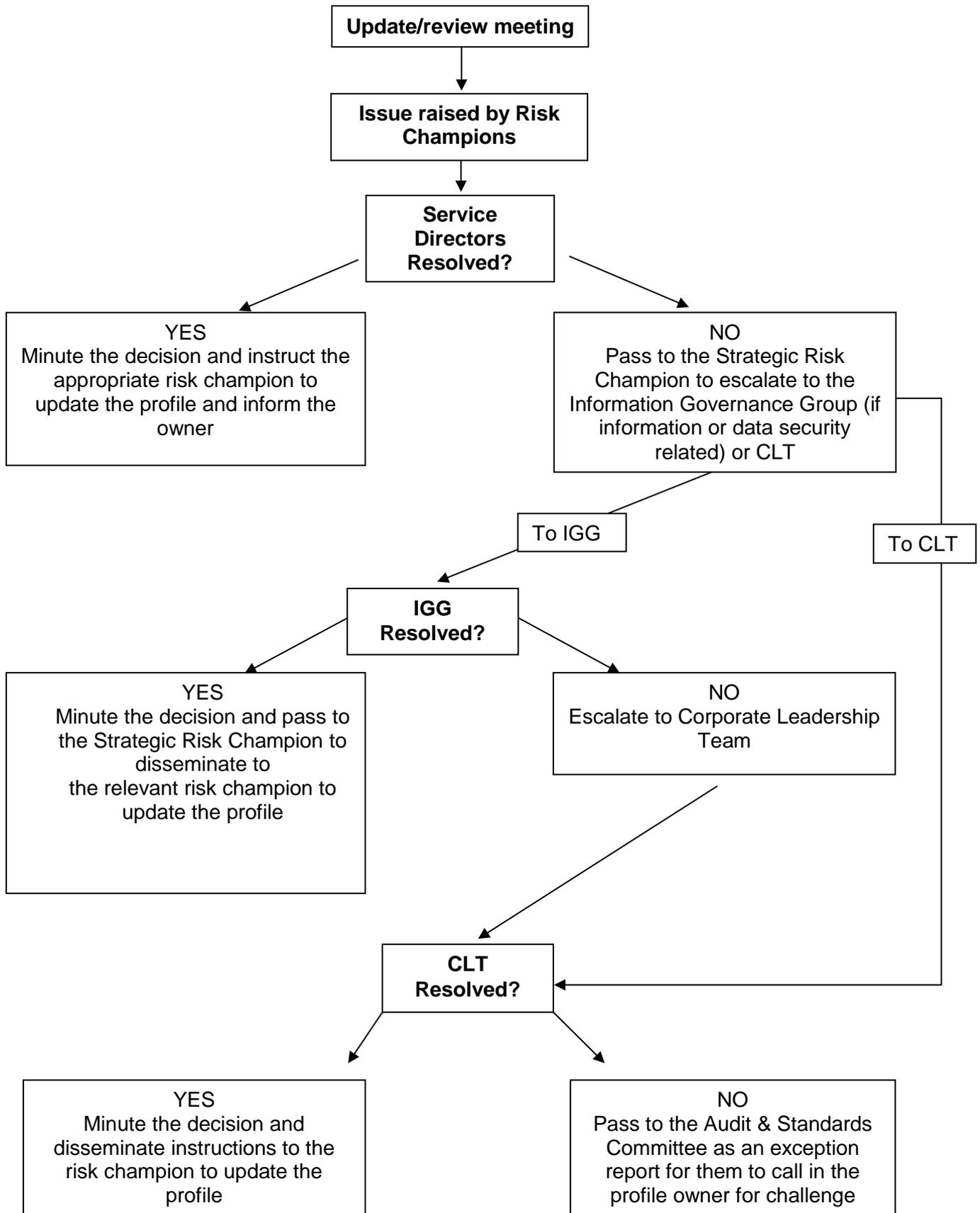
ACTION CATEGORIES**APPENDIX B(iii)**

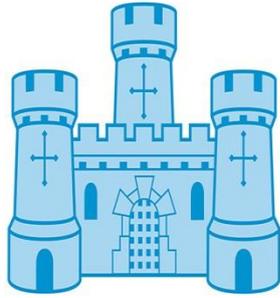
Action	Description
Tolerate	This action is appropriate when you judge that the control measures in place are sufficient to keep the risk at a tolerable level and there is no added value to doing more.
Treat	Some risks will need additional treatment to reduce their likelihood and/or impact to an acceptable level. This response is most likely where there have been further actions identified that are SMART and the risk rating has been identified as high (red) or in some cases medium (amber).
Transfer	Some risks can be transferred to an insurer or some other party eg legal liability, property and vehicles etc. Some service delivery risks can be transferred to a contractor by way of a contract or written agreement. However some risks cannot be transferred eg reputational risks.
Terminate	Sometimes a risk can be so serious that there is no option but to terminate the activity that is generating the risk.

RISK MANAGEMENT REVIEWING & REPORTING, COMMUNICATING FRAMEWORK

Final Risk Rating	Risk Action	Management Action required	Review/Reporting required
Red E	Treat Terminate Transfer Tolerate	<p>This level of risk is not acceptable and immediate action is required to assess how the risk can be reduced to an acceptable level. Where the impact might result in death, abuse, life threatening <u>OR</u> permanent disability, wherever possible the activity should cease until the risk is effectively managed.</p> <p>Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Service Director must be made aware immediately and the risk must be escalated to the appropriate group, either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT. CLT will consider risks that could affect the whole council or if wider support is required to manage it. Report of relevant risks will be presented to Informal Cabinet.</p> <p>Progress to manage this risk must be reviewed by CLT and the risk owner on a monthly basis and it is expected that the outcome of such a review will be minuted in the appropriate minutes and a comment recorded in the relevant risk register.</p>
Amber D	Transfer Treat Tolerate	<p>Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact.</p> <p>Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Service Director must be made aware of the final rating of this risk, and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT.</p> <p>If wider support is required to control this risk, it must be escalated to IGG/CLT. Progress to manage this risk must be reviewed quarterly by the Service Director and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.</p>
Amber C	Treat Tolerate	<p>Whilst this level of risk can be accepted, management must first consider all reasonable steps that could be taken to reduce this risk in terms of both likelihood and potential impact.</p> <p>Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Service Director must be made aware of the final rating of this risk, and they must consider the effectiveness of the suggested further action and make a decision as to whether the risk should be escalated to either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT.</p> <p>If wider support is required to control this risk, it must be escalated to IGG/CLT. Progress to manage this risk must be reviewed quarterly by the Service Director and risk owner. The outcome of the review will be minuted in appropriate minutes or 1:1 meetings and a comment recorded in the relevant risk register.</p>
Green B	Treat Tolerate	<p>Whilst this level of risk is generally acceptable, management should consider whether this risk could be reduced in terms of either likelihood or impact.</p> <p>Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Business Manager must be made aware of the final rating of this risk and they must consider the effectiveness of the suggest further action (if applicable) and make a decision as to whether the risk should be escalated to the appropriate Service Director.</p> <p>If wider support is required to control this risk, it could be escalated to CLT/IGG.</p> <p>Progress to manage this risk must be reviewed at least annually (or sooner if circumstances change significantly) and a comment recorded in the relevant risk register.</p>
Green A	Tolerate	<p>The risk is as low as it can go</p>	<p>Whilst this risk is at the lowest rating, the Business Manager or Risk Owner can decide whether it needs to remain a risk (and for how long) on the profile, or whether it is now a business as usual risk. The risk can be closed however it will remain in the history should it become 'live' again.</p>

ESCALATION PROCESS





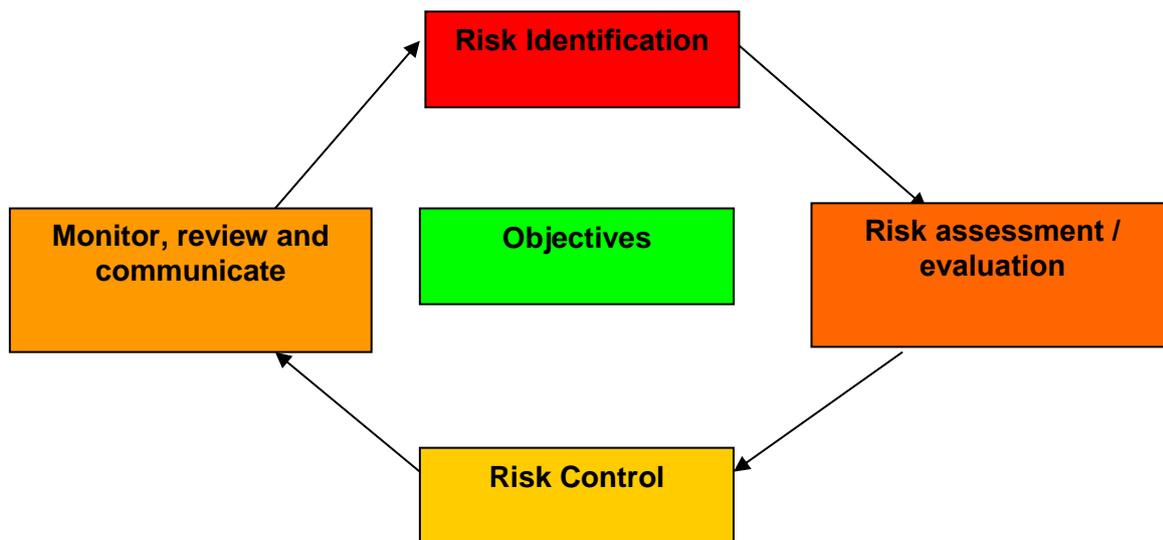
NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

A QUICK GUIDE TO THE COUNCIL'S
RISK MANAGEMENT PROCESS

Classification: NULBC **UNCLASSIFIED**

Review date:	April 2024
Version:	15.1
Reviewed by:	Audit & Standards Committee
Next review date:	April 2025
Changes:	

	<u>Page No.</u>
Risk Management Process	3
Impact & Likelihood Measures	6
Reviewing, Reporting & Communicating Framework	7
Escalation Process	8



Objectives

In developing our approach to risk management, a key part at all stages of the process is to identify SMART objectives - in other words the objectives need to be Specific, Measurable, Achievable, Realistic and Time-bound. In other words, they need to be structured in such a way that they can be assessed as to whether they have worked properly or not. This section takes into account all the objectives set out above and provides more information on each.

Risk identification

What could go wrong?	Use available documents e.g. Council Plan, Priority Delivery Plans, appraisals etc. to establish what is planned and start to identify what risks could occur as a result of these plans
Ensure risks are structured – what are the key elements to each risk?	E.g. if we don't review and manage our budgets, is there a risk we could overspend? What things are we looking at in terms of a risk like this?
What type of risk is it?	Strategic, Operational, Project
What category is it?	e.g. political, e-Government/ICT, regulatory, financial/fraud, opportunities, reputation, management, assets, new partnership/project, customer/client/citizen Environmental (see Appendix B(i))

Risk assessment/Evaluation

In assessing and evaluating the risks identified, you need to ask a number of fundamental questions. From this, you will get a risk 'score' (or rating). This 'score'/rating will determine your future actions.

<p>What would be the impact on the council if the risk actually happened?</p> <p>How likely is it to happen?</p> <p>Based on the answers above, plot the rating on the table opposite</p> <p>The bold line on the matrix is the limit of the council's risk appetite, i.e. how much risk it is willing to take before intervention begins. Control of the risks should effectively move the final risk ratings to the amber and green sections of the table (see Appendix B (ii), however this may not always be possible due to external factors.</p>	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td rowspan="3" style="writing-mode: vertical-rl; transform: rotate(180deg);">L I K E L I H O O D</td> <td style="text-align: center;">HIGH</td> <td style="background-color: #FFC000; text-align: center;">Amber C</td> <td style="background-color: #FFC000; text-align: center;">Amber D</td> <td style="background-color: #FF0000; text-align: center;">RED E</td> </tr> <tr> <td style="text-align: center;">MEDIUM</td> <td style="background-color: #00FF00; text-align: center;">Green B</td> <td style="background-color: #FFC000; text-align: center;">Amber C</td> <td style="background-color: #FFC000; text-align: center;">Amber D</td> </tr> <tr> <td style="text-align: center;">LOW</td> <td style="background-color: #00FF00; text-align: center;">Green A</td> <td style="background-color: #00FF00; text-align: center;">Green B</td> <td style="background-color: #FFC000; text-align: center;">Amber C</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">Low</td> <td style="text-align: center;">Medium</td> <td style="text-align: center;">High</td> </tr> <tr> <td></td> <td></td> <td colspan="3" style="text-align: center;">IMPACT</td> </tr> </table>	L I K E L I H O O D	HIGH	Amber C	Amber D	RED E	MEDIUM	Green B	Amber C	Amber D	LOW	Green A	Green B	Amber C			Low	Medium	High			IMPACT		
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		Low	Medium	High																				
		IMPACT																						

Risk Control

Risk control is the name given to the process of working towards mitigating the identified risks. This is done by identifying possible actions which may reduce either the impact or the likelihood of the risk and will therefore mean that the final rating is contained within the council's risk appetite (the green and amber sections of the table above). In undertaking risk control a number of questions can be asked as part of the risk management process.

<p>Who owns the risk?</p> <p>What is in place to reduce the impact and/or likelihood of the risk?</p> <p>What else do you need to do or could do to control the risk?</p> <p>(see Appendix B(iii))</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Priority</th> <th rowspan="2">Review Period (months)</th> <th colspan="4">Action</th> </tr> <tr> <th>Tolerate</th> <th>Treat</th> <th>Transfer</th> <th>Terminate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">High</td> <td style="text-align: center;">1</td> <td></td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> </tr> <tr> <td style="text-align: center;">Medium</td> <td style="text-align: center;">3 (1/4ly)</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> </tr> <tr> <td style="text-align: center;">Low</td> <td style="text-align: center;">6 (half yearly)</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> </tr> </tbody> </table>	Priority	Review Period (months)	Action				Tolerate	Treat	Transfer	Terminate	High	1		√	√	√	Medium	3 (1/4ly)	√	√	√	√	Low	6 (half yearly)	√	√	√	√
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Monitor, Review and Communicate

Key questions to consider as part of this process: -

- Are the controls you have put in place effective?
- Has the risk changed either as a result of what you have done or other factors?
- Does it need escalating, having gone through all the checks you need to make?
- Are new risks evolving as a result of the existing risk or due to other factors?

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- Who do you need to inform – internally and externally to the council?

Key to what prompts what kind of action: -

Red	High risk, prompt action, contingency plan, monitor at least monthly
Amber	Medium Risk, contingency plan, monitor at least quarterly
Green	Low risk, monitor at least half annually

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RISK ASSESSMENT IMPACT MEASURES AND CLASSIFICATION

	High (red)	Medium (amber)	Low (green)
Health & Safety	Death, abuse, life threatening <u>OR</u> permanent disability	Serious injury <u>OR</u> long-term absence from work (over 7 days)	Minor injury <u>OR</u> short-term absence from work (less than 7 days)
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ALWAYS TAKE THE WORST CASE SCENARIO AS YOUR IMPACT LEVEL

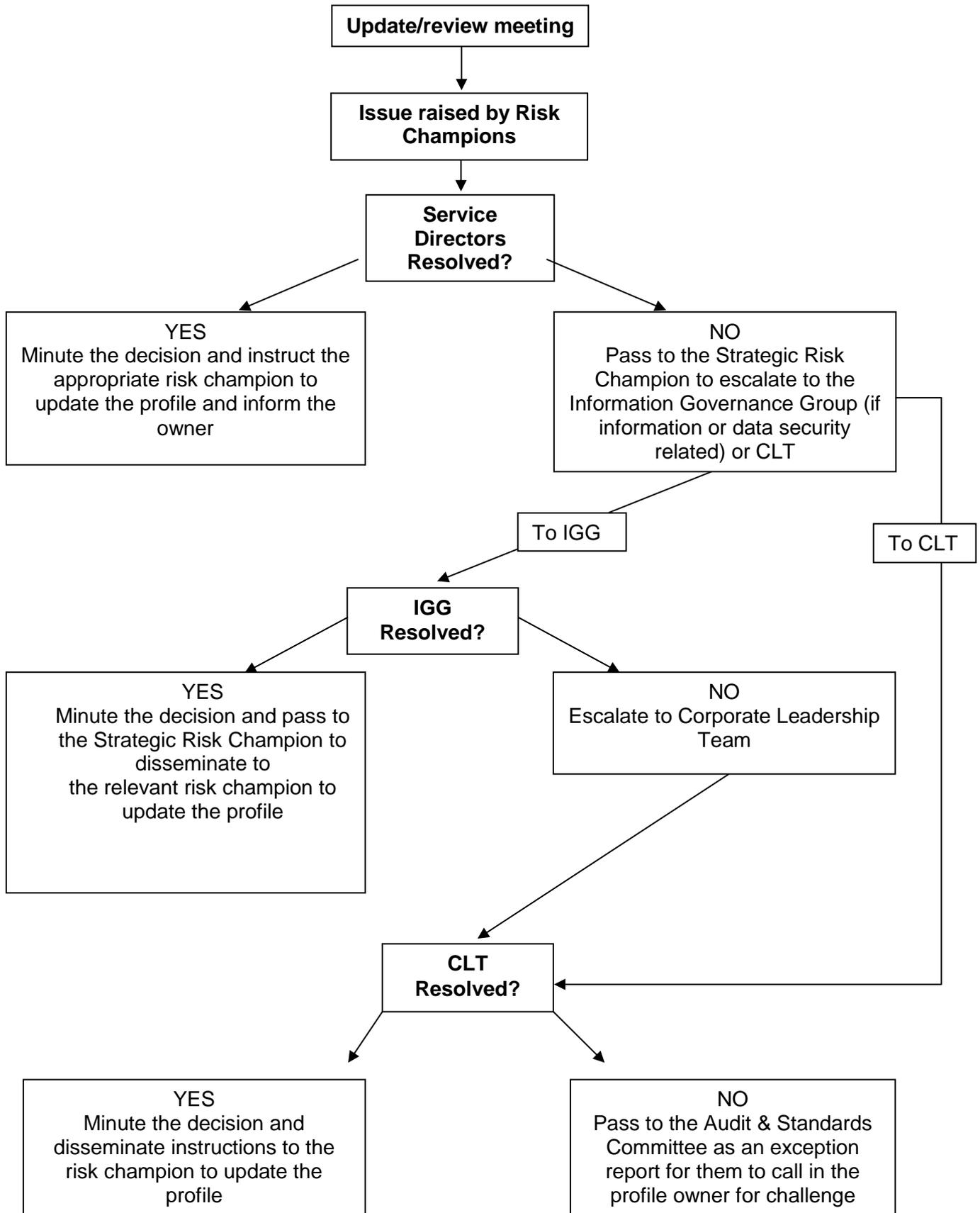
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	High (red)	Medium (amber)	Low (green)
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L I K E L I H O O D	High	C Amber	D Amber	E Red
	Medium	B Green	C Amber	D Amber
	Low	A Green	B Green	C Amber
		Low	Medium	High
IMPACT				

Classification: NULBC UNCLASSIFIED
RISK MANAGEMENT REVIEWING, REPORTING & COMMUNICATING FRAMEWORK

Final Risk Rating	Risk Action	Management Action required	Review/Reporting required
Red E 122	Treat Terminate Transfer Tolerate	<p>This level of risk is not acceptable and immediate action is required to assess how the risk can be reduced to an acceptable level. Where the impact might result in death, abuse, life threatening OR permanent disability, wherever possible the activity should cease until the risk is effectively managed.</p> <p>Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.</p>	<p>The appropriate Service Director must be made aware immediately and the risk must be escalated to the appropriate group, either Corporate Leadership Team (CLT) or the Information Governance Group (IGG) if information or data security related where the effectiveness of the suggested further action, or a decision for the way forward, must be considered. IGG may escalate to CLT. CLT will consider risks that could affect the whole council or if wider support is required to manage it. Report of relevant risks will be presented to Informal Cabinet.</p> <p>Progress to manage this risk must be reviewed by CLT and the risk owner on a monthly basis and it is expected that the outcome of such a review will be minuted in the appropriate minutes and a comment recorded in the relevant risk register.</p>
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Newcastle Under Lyme Borough Council

DRAFT - Report to the Audit &
Standards Committee

External Audit Plan & Strategy for the year ending
31 March 2024

9 April 2024

Introduction

To the Audit & Standards Committee
of Newcastle Under Lyme Borough Council

We are pleased to have the opportunity to meet with you on 22 April 2024 to discuss our audit of the financial statements of Newcastle Under Lyme Borough Council for the year ending 31 March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice. The NAO is consulting on a new Code of Audit Practice for 2023/24, therefore this plan will remain draft until the finalisation of that Code.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach. We note that an audit opinion has not been expressed on the prior period, once the prior period audit opinion has been expressed we will communicate any significant changes to the planned approach. We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

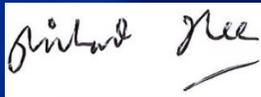
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The engagement team

Richard Lee (CPFA / CA) is the engagement director on the audit and is responsible for the audit opinion. He has over 20 years of industry experience.

Other key members of the engagement team include Robert Fenton (Senior Manager) and Fred Dzikunu (Assistant Manager) with 12 years and 5 years of experience respectively.

Yours sincerely,



Richard Lee

Director - KPMG LLP

9 April 2024

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. The audit undertaken in the current year is dependent on the finalisation of the previous auditor's work over historical financial statements. We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

Restrictions on distribution

This report is intended solely for the information of those charged with governance of Newcastle Under Lyme Borough Council and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Overview of planned scope including materiality

Our materiality levels

We determined materiality for the Council financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation, lack of shareholders and debt arrangements when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £825k / 75% of materiality driven by our expectations of normal level of undetected or uncorrected misstatements in the period. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons, such as officers' remuneration.

We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £55k.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

Control environment

The impact of the Council's control environment on our audit is reflected in our planned audit procedures. We review entity level controls to inform our risk assessment but do not directly assess the design and implementation of these.

Our planned audit procedures reflect findings raised in the previous year and management's response to those findings.

File review

We will undertake an appropriate prior year file review dependent on the final opinion issues by the previous auditors.

Materiality



Council Materiality

£1.1m

**1.96% of prior year expenditure
(£56.2m)**

Overview of planned scope including materiality (cont.)

Timing of our audit and communications

- We will maintain communication led by the engagement director and senior manager throughout the audit. We set out below the form, timing and general content of our planned communications:
- Kick-off meeting with management on November 2023 where we outlined our audit approach and discuss management's progress in key areas;
- Audit and Standards Committee meeting in April 2024 where we present our draft audit plan;
- Status meetings with management in April and August 2024 where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in September 2024 where we discuss the auditor's report and any outstanding deliverables;
- Audit and Standards Committee meeting in September 2024 where we communicate audit misstatements and significant control deficiencies; and
- Biannual private meetings can also be arranged with the Committee chair if there is interest.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Internal Audit	We will review the work of internal audit as part of our risk assessment procedures but will not place reliance on their work.
Real Estate Valuation Centre of Excellence (REVCoE)	Given this is a first year audit, we will consult with our valuation specialist to assist in the challenge of the assumptions and approach adopted by the Council's internal valuer (and management).
KPMG Pensions Centre of Excellence	Our pensions specialists will carry out the work on the LGPS pension assets and liabilities.

Significant risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Newcastle Under Lyme Borough Council operates.

We also use our regular meetings with senior management to update our understanding and take input from other sector audit teams and internal audit reports.

Where other risks are identified during the audit cycle we will amend our audit approach accordingly and communicate this to the Audit and Standards Committee.

Value for money

We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

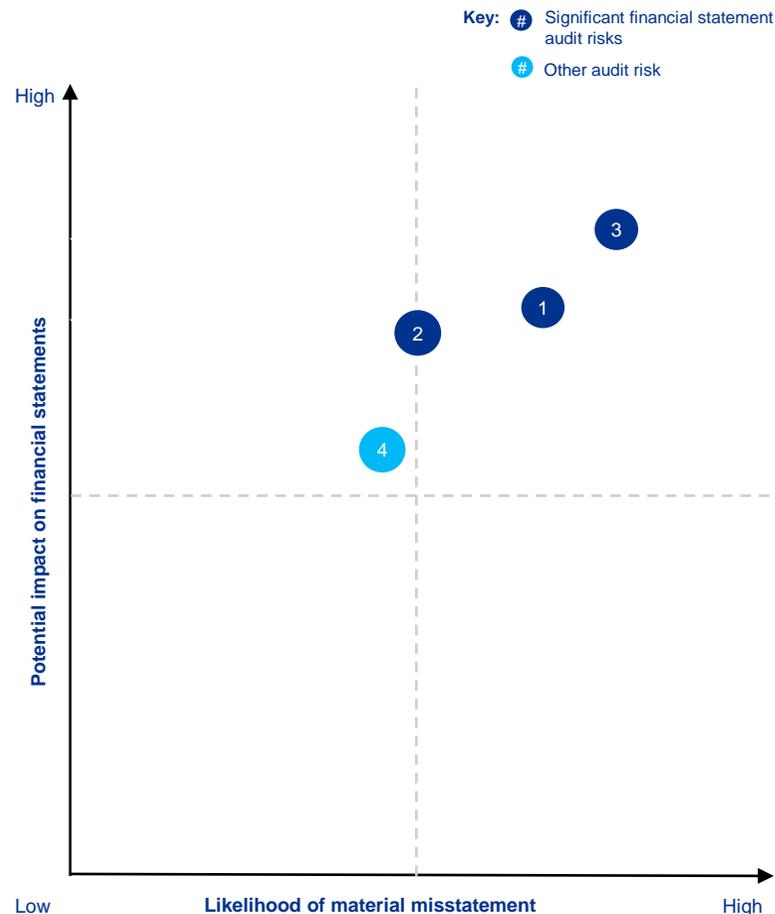
Our risk assessment is ongoing and we will bring a draft of our risk assessment to a later Audit and Standards committee

Significant risks

1. Valuation of land and buildings
2. Management override of controls
3. Valuation of post retirement benefit obligations

Other audit risks

4. Valuation of investment property



Audit risks and our audit approach (cont.)

1 Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the internal valuer.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the internal valuers used in developing the valuation of the Council's properties at 31 March 2024;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We will consult with our own valuation specialists to assist in the review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

2 Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

Note: (a) Significant risk that professional standards require us to assess in all cases.



Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business, or are otherwise unusual.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.

Audit risks and our audit approach (cont.)

3

Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



Planned response

We will perform the following procedures:

- Understand the processes the Council has in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions; and
- Where applicable, assess the level of surplus that should be recognised by the entity;

Audit risks and our audit approach (cont.)

4 Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value



Other audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.

The Council's investment property portfolio is £12m. This is made up of a small number of assets, and whilst some are individually material, we do not consider there to be a significant risk of material misstatement given their nature.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the internal valuers used in developing the valuation of the Council's investment property at 31 March 2024;
- We will inspect the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach

Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

The Council has a statutory duty to balance their annual budget. Where a Council does not meet its budget this creates pressure on the Council's usable reserves and this in turn provides a pressure on the following year's budget.

Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that a significant risk relating to expenditure recognition is not required.

Specifically, the financial position of the Council, (whilst under pressure) is not indicative of a position that would provide an incentive to manipulate expenditure recognition and the nature of expenditure has not identified any specific risk factors. The Council is forecast a small surplus at year-end, and is managing any overspends through budgetary control measures and interest income. Equally, the Council has sufficient reserves to mitigate any potential in-year overspend.

We consider the opportunity to manipulate expenditure to be limited, either through under-accruing expenditure or capitalising revenue expenditure. Our risk assessment over these specific process is ongoing but we do not consider there to be sufficient opportunity based on our initial risk assessment and the nature of expenditure incurred by the Council.

Our risk assessment remains iterative and we will continue to revisit our risk assessment until the start of the final audit. Any changes will be communicated to the Audit and Standards Committee.

Audit risks and our audit approach

Revenue – rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
Council tax	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property: it is highly unlikely for there to be a material error in the population.
Business rates	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually: it is highly unlikely for there to be a material error in the population.
Fees and charges	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
Grant income	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.

Mandatory communications - additional reporting

Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.

However, financial sustainability is a core area of focus for our Value for Money opinion.

Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

Mandatory communications

Type	Statements
Management’s responsibilities (and, where appropriate, those charged with governance)	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
Auditor’s responsibilities	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Auditor’s responsibilities – Fraud	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
Auditor’s responsibilities – Other information	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
Independence	<p>Our independence confirmation at page 25 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement partner and audit staff.</p>

Newcastle Under Lyme Borough Council

DRAFT - Value for money risk assessment

Our approach

Year ended 31 March 2024

Value for money

For 2023/24 our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility to conclude on significant weaknesses in value for money arrangements is unchanged.

The main output remains a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility remains to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will continue to consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

As with the prior year our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

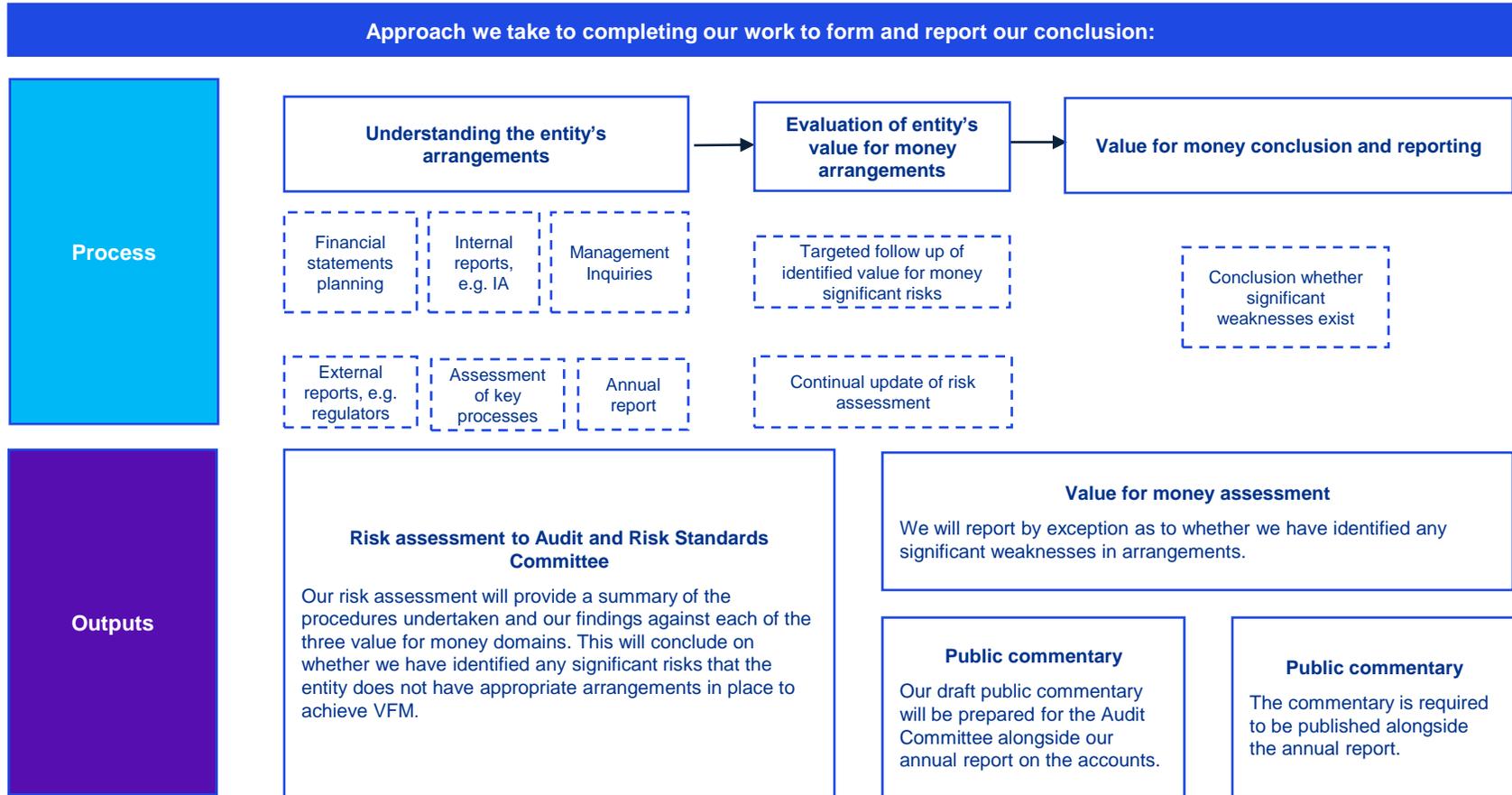
Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money



Our risk assessment is ongoing and we will bring a draft of our risk assessment to a later Audit and Standards Committee.

Appendix

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Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

	<p>Richard Lee is the director responsible for our audit. He will lead our audit work, attend the Audit and Standards Committee and be responsible for the opinions that we issue.</p>		<p>Robert Fenton is the senior manager responsible for our audit. He will co-ordinate our audit work, attend the Audit and Standards Committee and ensure we are co-ordinated across our accounts and use of funds work.</p>		<p>Fred Dzikunu is the in-charge responsible for our audit for the second year. He will be responsible for our on-site fieldwork. He will complete work on more complex section of the audit.</p>
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To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be Richard's first year as your engagement lead. The engagement leader is required to rotate every five years, extendable to seven with PSAA approval.

Audit cycle & timetable

Our schedule 2023-2024

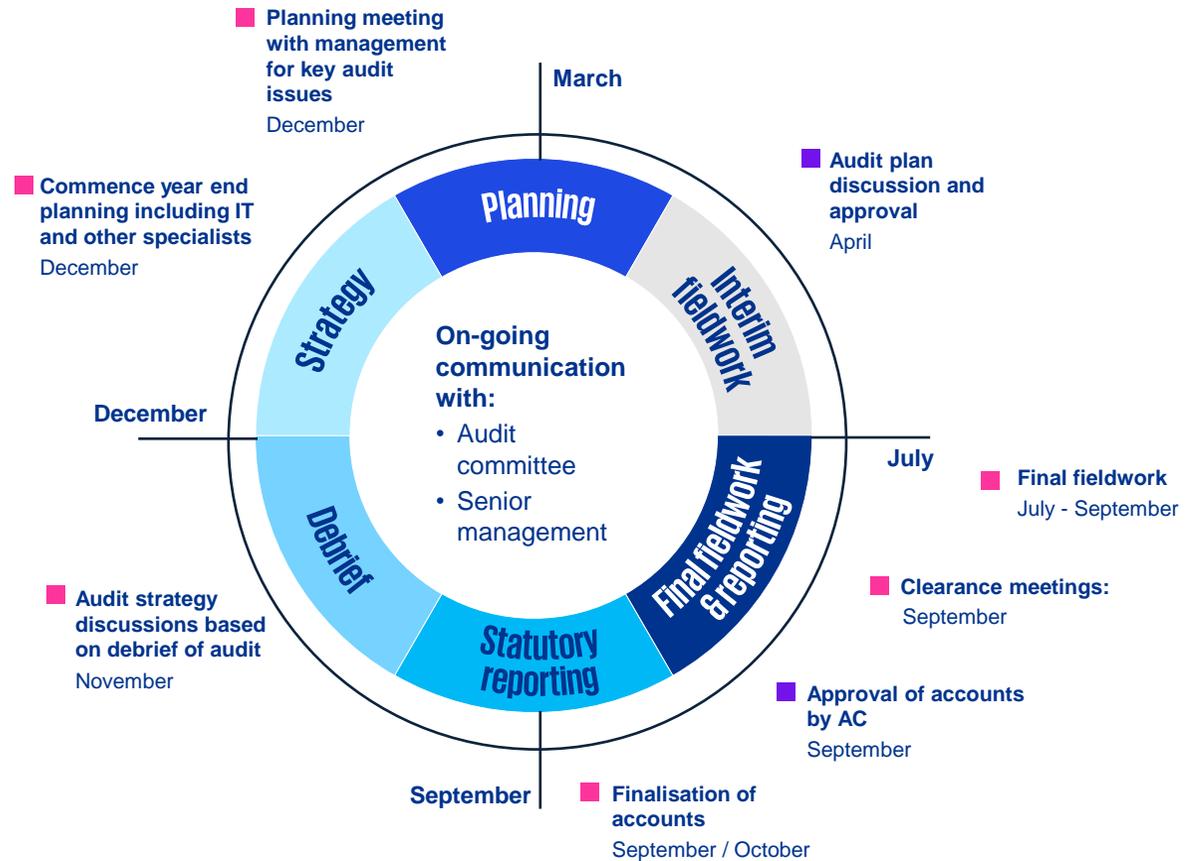
We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by November 2024.

This being the first year of KPMG as auditor we have undertaken greater activities to understand the Council at the planning stage. This level of input may not be required in future years and may change our audit timings.

Our approach also differs this year due to the effect of your transition to the new standards. We will need to perform additional audit work and perform it earlier.

Given the large amount of consultation happening in regard to the scope and timing of local government this audit **schedule may be subject to change..**



Key:

- Timing of AC communications
- Key events

Fees

Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£'000)	2022/23 (£'000)
Statutory audit	157	69*
ISA315r	TBC	-
ISA240	TBC	-
TOTAL	157	69

*fee charged by Grant Thornton - your predecessor auditor.

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud. The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

Basis of fee information

Our fees are subject to the following assumptions:

- The Council's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The Council's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit & Standards Committee members

Assessment of our objectivity and independence as auditor of Newcastle Under Lyme Borough Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity [except for those detailed below where additional safeguards are in place.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

No non-audit services to date.

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2023/24
	£'000
Statutory audit	157
Other Assurance Services	-
Total Fees	157

Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit & Standards Committee Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit & Standards Committee Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

KPMG LLP

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit & Standards Committee Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

ISA (UK) 315 Revised: Overview



Summary

In the prior period, ISA (UK) 315 Revised “Identifying and assessing the risks of material misstatement” was introduced and incorporated significant changes from the previous version of the ISA.

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

What impact did the revision have on audited entities?

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard’s scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

Implementing year 1 findings into the subsequent audit plan

Entering the second year of the standard, the auditors will have demonstrated, and communicated their enhanced insight into their understanding of your wider control environment, notably within the area of IT.

A key area of focus for the auditor will be understanding how the entity responded to the observations communicated to those charged with governance in the prior period.

Where an entity has responded to those observations a re-evaluation of the control environment will establish if the responses by entity management have been proportionate and successful in their implementation.

Where no response to the observations has been applied by entity, or the auditor deems the remediation has not been effective, the audit team will understand the context and respond with proportionate application of professional scepticism in planning and performance of the subsequent audit procedures.

What will this mean for our on-going audits?

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Subsequent year auditor observations on whether entity actions to address any control observations are proportionate and have been successfully implemented will represent an on-going audit deliverable.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the entity control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

ISA (UK) 240 Revised: changes embedded in our practices

Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor’s responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor’s obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management’s process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
Risk assessment procedures and related activities	<ol style="list-style-type: none"> 1) Increased focus on applying professional scepticism – the key areas affected are: <ul style="list-style-type: none"> • the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence; • remaining alert for indications of inauthenticity in documents and records, and • investigating inconsistent or implausible responses to inquiries performed. 2) Requirements to perform inquiries with individuals at the entity are expanded to include, amongst others, those who deal with allegations of fraud. 3) We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.
Internal discussions and challenge	<p>We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.</p>



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Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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AUDIT & STANDARDS COMMITTEE



Work Programme 2024/25

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Vice-Chair

Cllr B. Panter

Members

Cllrs M. Holland, J. Whieldon, W. Brockie, M. Stubbs

Officer Champions

Sarah Wilkes / Anthony Harold

The Audit & Standards Committee is responsible for overseeing the Council's audit and assurance arrangements. Its role is to provide independent assurance to members of the adequacy of the Council's corporate governance arrangements including risk management and its systems of internal control. More information is available in Section B2 of the Council's constitution.

For more information on the Committee or its work Programme please contact the Democratic Services:

- ✚ Geoff Durham at geoff.durham@newcastle-staffs.gov.uk or on (01782) 742222
- ✚ Alexandra Bond at alexandra.bond@newcastle-staffs.gov.uk or on (01782) 742211

Planned Items

DATE OF MEETING	ITEM	NOTES
22/04/2024	<ul style="list-style-type: none"> • Internal Audit Charter 2024/25 • Internal Audit Plan 2024/25 • Corporate Fraud Arrangements 2024/25 • Risk Management Policy & Strategy 2024/25 • External Audit Plan 2023-24 • Committee Work Plan 2024/25 	
28/05/2024	<ul style="list-style-type: none"> • Draft Statement of Accounts 2023/24 • Committee Work Plan 2024/25 	
15/07/2024	<ul style="list-style-type: none"> • Health and Safety Report 2023/24 • Treasury Management Annual Report 2023/24 • Q4 Corporate Risk Management Report 2023/24 • Annual Internal Audit Report and Opinion 2023/24 • Committee Work Plan 2024/25 	
30/09/2024	<ul style="list-style-type: none"> • Q1 Corporate Risk Management Report 2024/25 • Q1 Internal Audit Progress Report 2023/24 • Audited Statement of Accounts 2023/24 • Committee Work Plan 2024/25 	
04/11/2024	<ul style="list-style-type: none"> • Treasury Management Half Yearly Report 2024/25 • Q2 Corporate Risk Management Report 2024/25 • Q2 Internal Audit progress Report 2024/25 • Committee Work Plan 2024/25 	

Previous Items

DATE OF MEETING	ITEM	NOTES
17/04/2023	<ul style="list-style-type: none">• Internal Audit Charter 2023/24• Internal Audit Plan 2023/24• Corporate Fraud Arrangements 2023/24• Committee Work Plan 2023/24• Risk Management Policy & Strategy 2023/24• External Audit	
30/05/2023	<ul style="list-style-type: none">• Proposed Accounting Policies• Annual Governance Statement• Draft Statement of Accounts 2022/23• Revised Finance and Contract Procedure Rules	
17/07/2023	<ul style="list-style-type: none">• Health and Safety Report 2022/23• Treasury Management Annual Report 2022/23• Q4 Corporate Risk Management Report 2022/23• Annual Internal Audit Report and Annual Opinion	
28/09/2023	<ul style="list-style-type: none">• Q1 Corporate Risk Management Report 2023/24• Q1 Internal Audit Progress Report 2023/24• Audited Statement of Accounts 2022/23	
13/11/2023	<ul style="list-style-type: none">• Treasury Management Half Yearly Report 2023/24• Q2 Corporate Risk Management Report 2023/24• Q2 Internal Audit progress Report 2023/24	
05/02/2024	<ul style="list-style-type: none">• Q3 Corporate Risk Management Report 2023/24	

	<ul style="list-style-type: none">• Q3 Internal Audit Progress Report 2023/24• Procurement of Internal Audit Service 2024/25• Grant Thornton – Value for Money Audit Report 2022/23	
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Last updated on 15 March 2024