

Public Document Pack

Date of meeting Monday, 7th April, 2025
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

OPEN 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 **EXTERNAL AUDIT PLAN 2024/25 - KPMG** (Pages 7 - 38)
- 5 **PROPOSED INTERNAL AUDIT STRATEGY & PLAN 2025/26** (Pages 39 - 72)
- 6 **INTERNAL AUDIT CHARTER 2025/26** (Pages 73 - 102)
- 7 **CORPORATE RISK MANAGEMENT REPORT** (Pages 103 - 144)
- 8 **NATIONAL FRAUD INITIATIVE** (Pages 145 - 148)
- 9 **COUNTER FRAUD ARRANGEMENTS 2025/26** (Pages 149 - 190)
- 10 **WORK PROGRAMME** (Pages 191 - 196)
- 11 **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, Lewis and Reece

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:	Parker	Lawley
	Gorton	Northcott
	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.

Agenda Item 3

Audit and Standards Committee - 03/02/25

AUDIT AND STANDARDS COMMITTEE

Monday, 3rd February, 2025
Time of Commencement: 7.00 pm

[View the agenda here](#)

[Watch the meeting here](#)

Present:	Councillor Paul Waring (Chair)		
Councillors:	Burnett-Faulkner Holland	Whieldon Stubbs	Reece
Apologies:	Councillor(s) Lewis Anthony Harold		Service Director for Legal & Governance - Monitoring Officer
Officers:	Sarah Wilkes		Service Director - Finance / S151 Officer
Also in attendance:	Councillor Stephen Sweeney		Deputy Leader of the Council and Portfolio Holder - Finance, Town Centres and Growth
	Richard Lee Robert Fenton Alex Cannon		External Auditor – KPMG External Auditor – KPMG Internal Auditor – Staffordshire County Council

1. **APOLOGIES**

Apologies were shared as listed above.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

3. **MINUTES OF PREVIOUS MEETING**

Resolved: That the minutes of the previous meeting held on 4th November 2024 be agreed as a true and accurate record.

4. **Q3 INTERNAL AUDIT UPDATE 2024-25**

The Internal Auditor presented the Internal Audit report for quarter 3.

Cllr Stubbs asked if the recommendation rated high in table 2.2 of the report meant high risk and if so what that this was about.

The Internal Auditor said this was indeed a high-risk recommendation in relation to debt being written off for the Council Tax without a secondary check including retrospective approval.

Resolved: That the progress against the 2024/25 Strategic Internal Audit Plan be noted.

[Watch the debate here](#)

5. CORPORATE RISK MANAGEMENT REPORT QUARTER 3 2024-25

The Service Director for Finance (S151 Officer) presented the Corporate Risk Management Report. Six overdue risk reviews and four risk level increases has been highlighted at the time it was drafted and had since then been addressed.

Two new risks had also been added in relation to civil emergency cyber-attacks as well as chemical, biological and radiological attacks.

- Resolved:**
1. That there were currently 6 risks that were more than 6 months overdue for a review up to end of Q3 2024/25, be noted.
 2. That there had been 4 risk level increases, be noted.
 3. That there had been 2 new risks added, be noted.
 4. That the Corporate Risk Register profile 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](#)

6. EXTERNAL AUDIT FINDINGS REPORT 2023-24

The External Auditors presented their Annual Report, Year End Report and Value for Money Risk Assessment for the year ended 31st March 2024.

Cllr Stubbs thanked the auditors and congratulated officers for their good management of the Council's finances. He also enquired about the risks rated grade 2 and asked for reassurance these would be picked up during the year.

The Service Director for Finance (S151 Officer) responded that two reports were generally issued in relation to pensions, an estimate just before the year end and then the actual report which was produced a couple of months later taking into account what was picked up during that period.

Cllr Whieldon wondered if benchmarking was done against what had been done in the past, comparison with others across the sector and / or nationally.

The External Auditors advised this was done against all three.

The Service Director for Finance (S151 Officer) added that a huge benchmarking exercise had been done three years earlier at the beginning of the One Council Programme against nearest neighbours to compare all of the service areas and a separate exercise has recently been completed regarding fees and charges and

costs associated with those. As the information was not always publicly available, FOI (Freedom of Information) requests had been addressed to other authorities who had asked that data collected as part of the benchmarking be shared in return. This had been produced with the support of the accountant and used to set fees and charges.

The Chair congratulated and thanked everyone involved.

Resolved: That the External Auditors' Annual Report, Year End Report and Value for Money Risk Assessment for the year ended 31st March 2024 be received.

[Watch the debate here](#)

7. **WORK PROGRAMME**

Resolved: That the work programme be noted.

[Watch the debate here](#)

8. **URGENT BUSINESS**

There was no urgent business.

**Councillor Paul Waring
Chair**

Meeting concluded at 7.27 pm

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Newcastle-under-Lyme Borough Council

Report to the Audit & Standards Committee

Indicative External Audit Plan & Strategy for the
year ended 31 March 2025

March 2025

DRAFT

Introduction

To the Audit & Standards Committee of Newcastle-under-Lyme Borough Council

We are pleased to have the opportunity to meet with you on 7 April 2025 to discuss our audit of the financial statements of Newcastle-under-Lyme Borough Council for the year ended 31 March 2025.

This report provides the Audit & Standards Committee with an opportunity to review our planned audit approach and scope for the 2024/25 audit. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO's 2024/25 Code of Audit Practice, auditing standards and other professional requirements.

This report outlines our risk assessment and planned audit approach. We have not yet completed our planning and risk assessment steps and therefore this plan is indicative based on our work to date and cumulative knowledge of the Council. We will provide an updated plan detailing any changes to the planned approach once our procedures are complete.

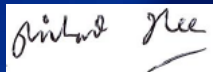
We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

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

7 April 2025

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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.

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.

Overview of planned scope including materiality

Our materiality levels

We determined materiality for the Council's 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 £1.05m/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 £70k.
- 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.

Materiality

Materiality for the financial statements as a whole	£1.4m (2023/24 £1.1M)
Procedure designed to detect individual errors at this level	£1.05m (2023/24 £825k)
Misstatements reported to the Audit & Standards Committee	£70k (2023/24 £55k)

Council Materiality

£1.4m

2.38% of prior year expenditure

£58.7m

Overview of planned scope including materiality (cont.)

Timing of our audit and communications

- We will maintain communication led by the engagement partner 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 in February 2025 where we discuss our indicative audit timetable and management's progress in key areas ;
- Audit & Standards Committee meeting in April 2025 where we present our draft audit plan outlining our risk assessment and audit approach;
- Status meetings with management in April and July 2025 where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in September where we discuss the auditor's report and any outstanding deliverables;
- Audit & Standards Committee meeting in September 2025 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)	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 sector audit and internal audit reports.

Due to the current levels of uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit & 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.

We have not yet completed our value for money risk assessment. This will be provided once complete.

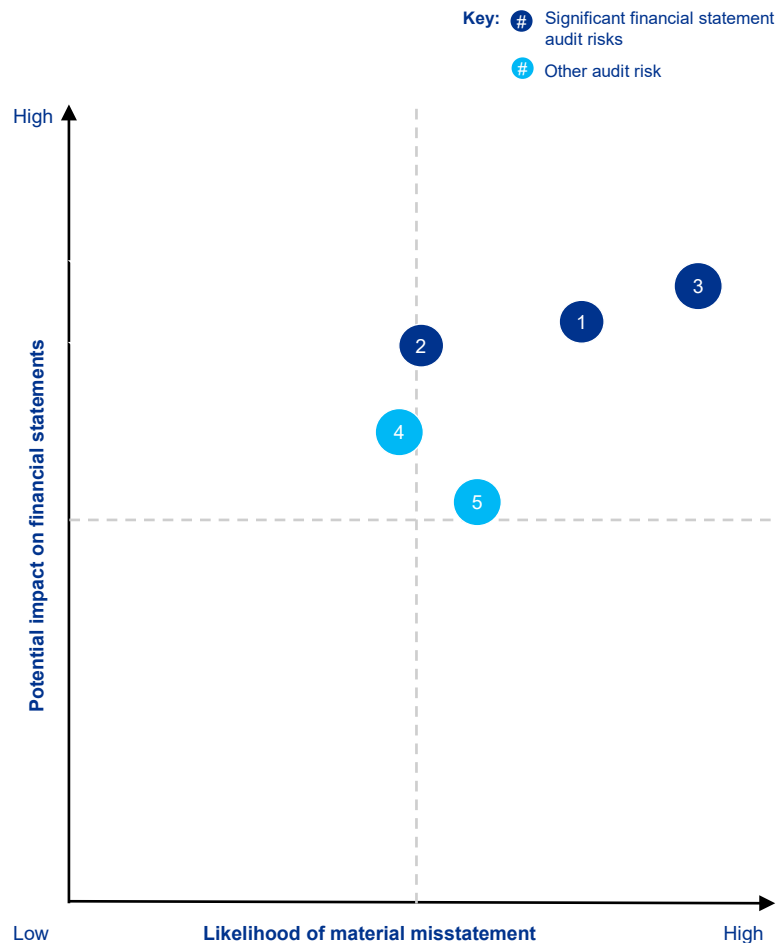
The following slides set out our expected risks and risk rebuttals based on work completed to date and our cumulative knowledge of the Council. We will provide an update once our planning and risk assessment work is finalised.

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
5. Adoption of IFRS 16



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

Change vs prior year ◀▶



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.

The value of land and buildings as at 31 March 2024 was £43.2m, £37.6m of which is valued at depreciated replacement cost (DRC). However, during the year, the Council has completed the construction of the Castle Car Park at a cost of £12m. This will be valued at its existing use value (EUV) using the investment method (based on its income potential).

Given the significance and estimation uncertainty associated with the assumptions, we determine that there is a significant risk over the valuation of land and buildings.



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 Valuer used in developing the valuation of the Council's properties at 31 March 2025;
- 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 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

Change vs prior year ◀▶



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.

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. We will perform the following procedures:

- 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.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- 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.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk, such as unusual combinations with revenue and cash accounts.

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

Change vs prior year



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 Councils 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.
- 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

Change vs prior year 



Other audit risk

The Code defines an investment property as property that is used solely to earn rentals and / or that is held for capital appreciation.

At each reporting period, the valuation of the investment property must be updated to reflect market conditions. Significant judgement and estimation is required to assess fair value and management experts are often engaged to undertake the valuations.

The Council's investment property portfolio as at 31 March 2024 was £13.5m. It is made up of a small number of assets some of which are individually material, however we do not consider there to be a significant risk of material misstatement given their size and 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 Valuer used in developing the valuation of the Council's investment property at 31 March 2025;
- 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;
- 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

5

Adoption of IFRS 16

An inappropriate amount is estimated and recorded for lease liabilities and right of use assets

Change vs prior year ▲



Other audit risk

The Council has adopted IFRS 16 as per CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (2024/25) with an implementation date of 1 April 2024.

We anticipate the following challenges in the first year of implementation.

- Completeness of lease listing used in transition computations.
- Inadequate lease disclosures as per IFRS 16.
- Inaccurate computation of lease liabilities and right of use assets.
- Training needs for new/existing staff



Planned response

We will perform the following procedures in order to respond to the other audit risk identified:

- Obtain the full listings of the leases and reconcile to the general ledger.
- Review a sample of the lease agreements to determine the terms of the leases and confirm correct classification.
- Review the appropriateness of the discount rate used in the lease computations.
- Review the transition adjustments passed by the Council
- Review the disclosures made on the financial statements against requirements of IFRS16.

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 puts 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 forecasting 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 
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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	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.
Auditor’s responsibilities – Fraud	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.
Auditor’s responsibilities – Other information	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.
Independence	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.

Newcastle Under Lyme Borough Council

Value for money risk assessment

Our approach

Year ended 31 March 2025

March 2025

Value for money

For 2024/25 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.

The main output is 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 pages.

Risk assessment processes

Our responsibility is 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

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 your previous auditor's 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.

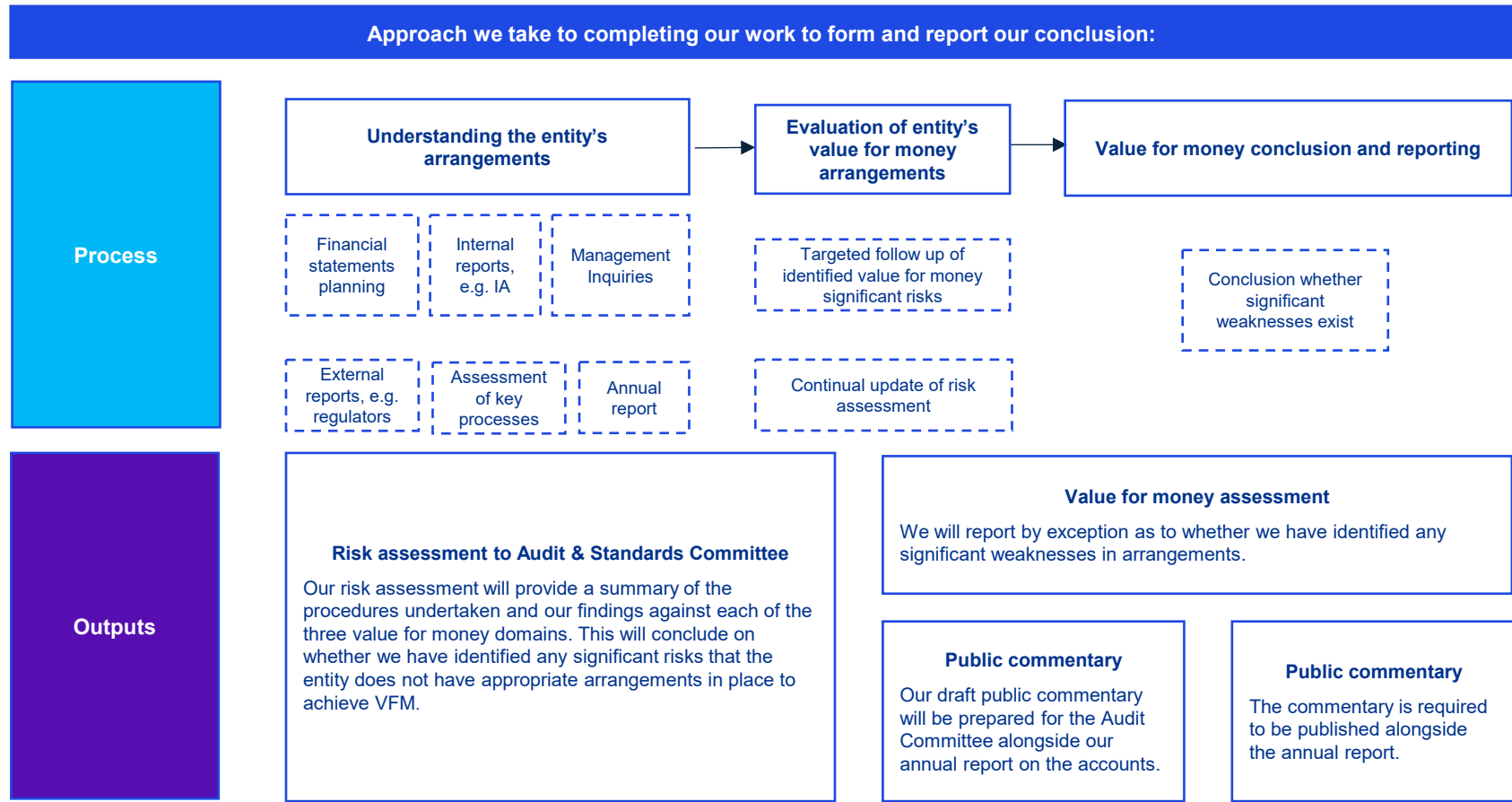
Governance

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



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.



Richard Lee is the Director responsible for our audit. He will lead our audit work, attend the Audit & Standards Committee and be responsible for the opinions that we issue.



Robert Fenton is the senior manager responsible for our audit. He will co-ordinate our audit work, attend the Audit & Standards Committee and ensure we are co-ordinated across our accounts and VFM work.



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.

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 second year as your engagement lead. The engagement leader is required to rotate every five years, extendable to seven with PSAA approval.

Audit cycle & timetable

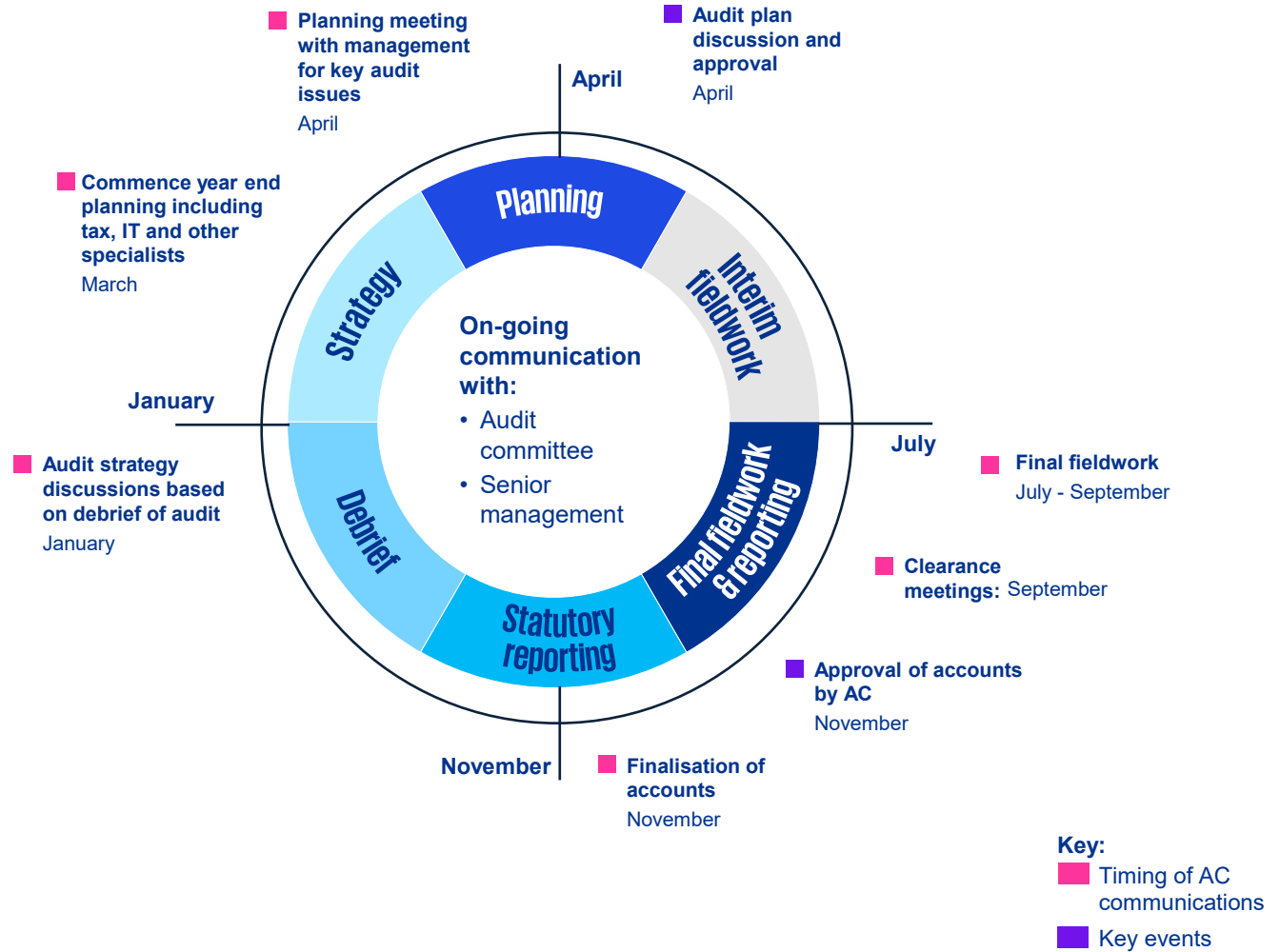
Our schedule 2024-2025

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 2025.

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.**



Fees

Audit fee

Our fees for the year ended 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Statutory audit	172	167
Overruns	-	11
TOTAL	172	178

The scale fees for 2024/25 incorporates the fees for ISA 315r that were charged separately in 2023/24. The fees 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 and 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

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out on the table overleaf.

Confirmation of Independence

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2025 £	Value of Services Committed but not yet delivered £
1	Housing benefit grant certification	Management Self review Self interest	<ul style="list-style-type: none"> Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	30,880*	-

*relates to 2023/24 audit, expected to complete in April 2025.

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 and Risk 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

Newly effective accounting standards

Standards	Expected impact				Effective for years beginning on or after		Early adoption permitted
	High	Moderate	Low	None	01 Jan 2024	1 Jan 2025	
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)			●		✓		✓
Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)			●		✓		✓
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)				○	✓		✓
Lack of exchangeability (Amendments to IAS 21)				○		✓	✓
IFRS S1** General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2** Climate-related Disclosures			●				✓

** The implementation and the effective dates of IFRS Sustainability Disclosure Standards are subject to local regulation

Newly effective accounting standards

Following consultation by HM Treasury it is proposed to revise the accounting requirements for tangible and intangible non-current assets. This is aimed to simplify and standardise the accounting treatment for these items going forwards.

While there are no changes to the accounting requirements for 2024-25 it is intended that some changes will be introduced for 2025-26 and so it is important that Trusts begin planning for the changes in advance and consider the implications for both financial reporting and budgeting.



ISA (UK) 600 Revised: Summary of changes



Summary

ISA (UK) 600 (Revised): Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors) is effective for periods commencing on or after 15 December 2023.

The new and revised requirements better aligns the standard with recently revised standards such as ISQM 1, ISA (UK) 220 (Revised) and ISA (UK) 315 (Revised). The revisions also strengthen the auditor's responsibilities related to professional skepticism, planning and performing a group audit, two-way communications between the group auditor and component auditors, and documentation.

Area	Summary of changes and impact	Effect on audit effort
Risk-based approach	The nature and extent of risk assessment procedures performed by the group auditor at group level may increase, which may include further inquires of group and/or component management and those charged with governance; analytical procedures, attendance of walkthroughs at components, and inspection and/or observation of additional component information. Consequently, while we will continue to work across the group audit to be as efficient in our interactions with you as possible, group and component management will typically receive additional, and more specific/granular requests, for information from both the group and component auditors.	
Group auditor responsibilities	Through a more targeted audit response to address the group Risks of Material Misstatement, we may perform audit work and communicate with component management at a greater number of components within the group, and we may request less information from component management at certain components where we previously performed full scope audits for the Group audit, if we determine that a full scope audit is no longer necessary. While statutory audit requirements will still apply, this change may be beneficial for overall audit effort where a statutory audit is not required.	
Flexibility in defining components	You may also see changes in the planned scope and timing of the audit in communications to group management and those charged with governance, such as changes to the identification of components and the work to be performed on their financial information, and/or changes to the nature of the group auditor's planned involvement in the work to be performed by component auditors. The impact will be greater where there are more components.	
Quality management	Enhanced leadership, direction, supervision and review responsibilities of the group engagement partner may result in the group engagement partner needing to engage more extensively with group management, your component management and component auditors throughout the audit.	
Robust communication	If the group auditor determines that the increased work effort is needed, this determination will impact how much, and the type of, information you will need to provide to the group auditor or component auditors. The group auditor is required to prescribe required work at a more granular level. This may mean there is increased work for component auditors, particularly in year one, to align the requirements of the group audit and local statutory audits. We will continue to work closely to minimise this.	
Application of materiality and aggregation risk	Changes in component performance materiality may result in changes to the nature, timing and extent of component auditor's work. If so, this may impact how much, and the type of, information you will need to provide to the group auditor or component auditors.	
Revised independence principles	This may make it more challenging to address auditor rotation and other independence requirements for component auditors we may plan to involve in the group audit and mean more matters impacting independence may need to be communicated to you. Potential changes to the component auditor firms engaged to perform work on financial information of components.	

Appendix F

FRC's areas of focus

The FRC released their [Annual Review of Corporate Reporting 2022/23](#) in October 2023. In addition, they have released three thematic reviews during the year should be considered when preparing reporting for the current financial period.

The reports identify where the FRC believes companies should be improving their reporting. Below is a high level summary of the key topics. We encourage management and those charged with governance to read further on those areas which are significant to the [entity]/[group].



Reporting on the effects of inflation and other uncertainties

This year's Annual Review of Corporate Reporting identifies that companies continue to face significant economic and geopolitical uncertainty and annual report and accounts should therefore tell a coherent story about the impacts on the business and the assumptions the company has made in preparing the financial statements.

The FRC notes that interest rate rises in response to persistent inflation, the related impact on consumer behaviour, and limited growth present a particularly challenging environment for companies. Financial reporting needs to set out the impact of these issues on their business, and the assumptions which underpin the values of assets and liabilities in financial statements. Significant changes in discount rates and future cash flows are expected as a result and they should be highlighted.

The impacts of uncertainty on companies' narrative reporting and financial statements are numerous, but the FRC sets out its clear disclosure expectations for 2023/2024:

- Disclosures about uncertainty should be sufficient to meet relevant requirements *and* for users to understand the positions taken in the financial statements.
- The strategic report should give a clear description of the risks facing the business, the impact of these risks on strategy, business model, going concern and viability, and disclosures should be cross-referenced to relevant detail in the report and accounts.
- Transparent disclosure should be provided of the nature and extent of material risks arising from financial instruments.

Preparers should take a step back to consider whether the annual report, as a whole, is clear, concise and understandable and whether additional information, beyond the requirements of the standards, is necessary to understand particular transactions, events or circumstances.



Climate-related reporting

Companies in scope for either UK Climate-related Financial Reporting (through the Companies Act requirements last year) or Taskforce on Climate-Related Disclosures (TCFD) (through listing rules or other regulatory requirements) have now reported for the first time. Companies should be reconsidering these disclosures and reflecting any changes in the business or strategy that have happened since last years reporting, to ensure the disclosure remain relevant and reflects the impact of climate-related risk on the Company.

Climate-related risks remains an area of ongoing focus for the FRC as they embed the review of these disclosures into their routine annual reviews. The FRC has highlighted that it expects companies to provide improved disclosure explaining the linkage between narrative reporting on uncertainties such as climate change, and the assumptions made in the financial statements.

In respect of TCFD disclosures, the FRC notes that sustainability reporting requirements continue to evolve and companies are still at very different stages in their reporting in this area. The FRC expect in scope entities to provide a clear statement of consistency with TCFD which explains, unambiguously, whether management considers they have given sufficient information to comply with the framework in the current year. Companies must, in any case, comply with the new mandatory requirements for disclosure of certain TCFD-aligned information.

In relation to the specific thematic on metrics and targets they highlighted five areas of improvement:

- the definition and reporting of company-specific metrics and targets, beyond headline 'net zero' statements;
- better linkage between companies' climate-related metrics and targets and the risks and opportunities to which they relate;
- the explanation of year-on-year movements in metrics and performance against targets;
- transparency about internal carbon prices, where used by companies to incentivise emission reduction; and
- better linkage between climate-related targets reported in TCFD disclosures and ESG targets disclosed in the Directors' Remuneration Report.

FRC's areas of focus (cont.)

Impairment of assets

Heightened economic uncertainty, high inflation and higher interest rates have resulted in more instances of impairment or reductions in headroom, prompting the need for more detailed disclosures under IAS 36. The FRC notes that many of the queries it has raised with companies in the past year would have been avoided by clearer, more complete disclosures.

Disclosures should provide key inputs and assumptions applied, along with relevant values and sensitivity information where impairments could arise from reasonably possible changes in assumptions.

Assumptions and sensitivities should be consistent with information provided elsewhere in the annual report, including those related to climate and other commitments, and with the wider economic environment; where there are inconsistencies, these should be explained.

Discount rates should be consistent with the assumptions in the cash flow projections, particularly in respect of risk and the effects of inflation.

Judgements and estimates

Providing quality disclosures in this area remains particularly important in the light of ongoing economic and political uncertainty. The FRC has noted that often disclosures did not contain sufficient information about the key assumptions or appeared inconsistent with disclosures given elsewhere in the annual report.

Disclosures should explain the significant judgements made and provide quantified sensitivities where there is a significant source of estimation uncertainty. This includes judgements and estimates relating to the going concern assessment and accounting for inflationary features, including the use of discount rates. Significant estimates should be reassessed each year and changes to assumptions explained.

The FRC highlights the need for disclosures to clearly distinguish between estimates with a significant risk of a material adjustment to carrying amounts within the next year, and other sources of estimation uncertainty.

Cash flow statements

Cash flow statements have again been an area where the FRC have raised many queries and it remains one of the most common causes of prior year adjustments. Most queries raised by the FRC relate to unusual or complex transactions which have not been appropriately reflected in the cash flow statement.

Companies should ensure that descriptions of cash flows are consistent with those reported elsewhere in the report and accounts, with non-cash investing and financing transactions being excluded, but disclosed elsewhere if material.

In addition, companies should ensure that cash flows are appropriately classified between operating, financing and investing, and cash flows should not be inappropriately netted. Cash and cash equivalents should comply with the relevant definitions and criteria in the standard.

Strategic report and other Companies Act 2006 matters

Strategic reports should focus not only on financial performance but should also explain significant movements in the balance sheet and cash flow statement. They should articulate the effect of principal risks and uncertainties facing the business, including economic and other risks such as inflation, rising interest rates, supply chain issues, climate-related risks and labour relations.

In addition, the FRC reminds companies that they should comply with the legal requirements for making distributions and repurchasing shares including, where relevant, the requirement to file interim accounts to support the transaction.

Financial Instruments

Companies should ensure that the nature and extent of material risks arising from financial instruments (including inflation and rising interest rates), and related risk management, are adequately disclosed.

This includes disclosures being sufficient to explain the approach and significant assumptions applied in the measurement of expected credit losses, including concentrations of risk, and assessments should be reviewed and adjusted for forecast future economic conditions.

The effect of refinancing and changes to covenant arrangements should be explained, with information about covenants being provided unless the likelihood of a breach is remote.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

FRC's areas of focus (cont.)

Income taxes

Following their thematic review last year, the FRC reminds companies that the nature of evidence supporting the recognition of deferred tax assets should be disclosed, and should factor in any difficult economic environment.

Additionally, companies should ensure tax-related disclosures are consistent throughout the annual report, uncertain tax positions are adequately disclosed, and material reconciling items in the tax rate reconciliation are presented separately and appropriately described.

Provisions and contingencies

Clear descriptions of the nature and uncertainties for material provisions or contingent liabilities, the expected timeframe and the basis for estimating the probable or possible outflow should be provided.

Inputs used in measuring provisions should be consistent in the approach to incorporating inflation, and details of related assumptions should be provided.

Revenue

Where variable consideration exists, companies should provide sufficient disclosure to explain how it is estimate and constrained.

Accounting policies and relevant judgement disclosures should be provided for all significant performance obligations. Those disclosures should address in sufficient detail the timing of revenue recognition, the basis for recognising revenue over time and the methodology applied.

Lastly, the FRC reminds companies that inflationary features in contracts with customers, and the accounting for such clauses, should be adequately disclosed and clearly explained.

Presentation of financial statements and related disclosures

The FRC expects companies to disclose company-specific information to meet the overall disclosure objectives of relevant accounting standards, and not just the narrow specific disclosure requirements of individual standards. They set out a clear expectation that additional information (beyond the minimum requirements of the standards) should be included where needed.

Fair value measurement

Fair value measurement has returned this year as one of the FRC's top ten issues raised in their correspondence with companies, and this has been the topic of a [thematic review](#). Common queries raised include the omission of sensitivity disclosures and the quantification of unobservable inputs into fair value measurements.

The FRC reminds companies that they should use market participants' assumptions, rather than their own, in measuring fair value.

Thematic reviews

Over the past year FRC has issued Thematic reviews on the following topics:

- Climate-related metrics and targets
- IFRS 13 Fair value measurement
- IFRS 17 Insurance contracts – Interim disclosures in the first year of application
- Reporting by the UK's largest private companies


2023/24 review priorities

The FRC has indicated that its 2023/24 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

 Travel, hospitality and leisure

 Construction materials

 Retail and personal goods

 Gas, water and multi-utilities



kpmg.com/uk

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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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO**

**Audit and Standards Committee
7 April 2025**

Report Title: Proposed Internal Audit Strategy & Plan 2025/26

Submitted by: Chief Internal Auditor

Portfolios: All

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 2025/26 and to seek their approval on its contents.	
<u>Recommendation</u>	
<p>1. In accordance with the Committee's terms of reference, the Internal Audit Plan for 2025/26 be approved.</p> <p>2. 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>	
The Accounts and Audit Regulations include the statutory requirement for the provision of an adequate and effective internal audit function. The Global Internal Audit Standards in the UK Public Sector 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.	

1. Background

- 1.1 This report presents the proposed Annual Strategic Internal Audit Plan (the Plan) and Counter Fraud Plan 2025/26 for consideration and approval by this Committee.
- 1.2 As part of its responsibilities, the Internal Audit Section is responsible for conducting independent reviews of the Council's internal control systems as a contribution towards the proper, economic, efficient and effective use of the Council's resources. The Accounts and Audit Regulations 2015 requires every local authority to maintain an adequate and effective internal audit function. Internal audit requirements are also laid down within the Council's Financial Procedures (D.5).

- 1.3** Internal Audit is a key source of independent assurance for management, designed to add value and improve how the Council operates.
- 1.4** The delivery of the Plan will support the Council by:
- providing assurance on key risks and controls;
 - enhancing financial and operational governance;
 - supporting continuous improvement and efficiency; and
 - helping the Council achieve its strategic objectives.
- 1.5** The Plan has been prepared in accordance with the Internal Audit Strategy, which is approved also by the Audit and Standards Committee. It has been compiled through a well-established risk assessment methodology, ensuring that the most significant areas of risk to the Council's operations are given appropriate audit coverage.
- 1.6** All auditable areas contained in the risk assessment have been allocated an 'audit risk' score based upon seven risk factors. In general, primarily only high-level risk areas have been included in the audit plan.
- 1.7** In developing the plan, discussions were held with all Service Directors to understand their key risks, operational challenges, and areas where Internal Audit can add value. These discussions helped shape the Plan to focus on audits that will provide meaningful assurance and support the Council in achieving its objectives.
- 1.8** To ensure continuous oversight of financial controls, a five-year cyclical timetable of key financial system reviews has been developed. This timetable has been agreed with the Service Director for Finance (S151 Officer) and external audit, ensuring a structured approach to financial audits that supports financial resilience and accountability. The cyclical approach allows for in-depth reviews of critical financial systems at regular intervals, ensuring ongoing compliance, efficiency, and risk mitigation.

2. Issues

2.1 Analysis of the 2025/26 Internal Audit Plan

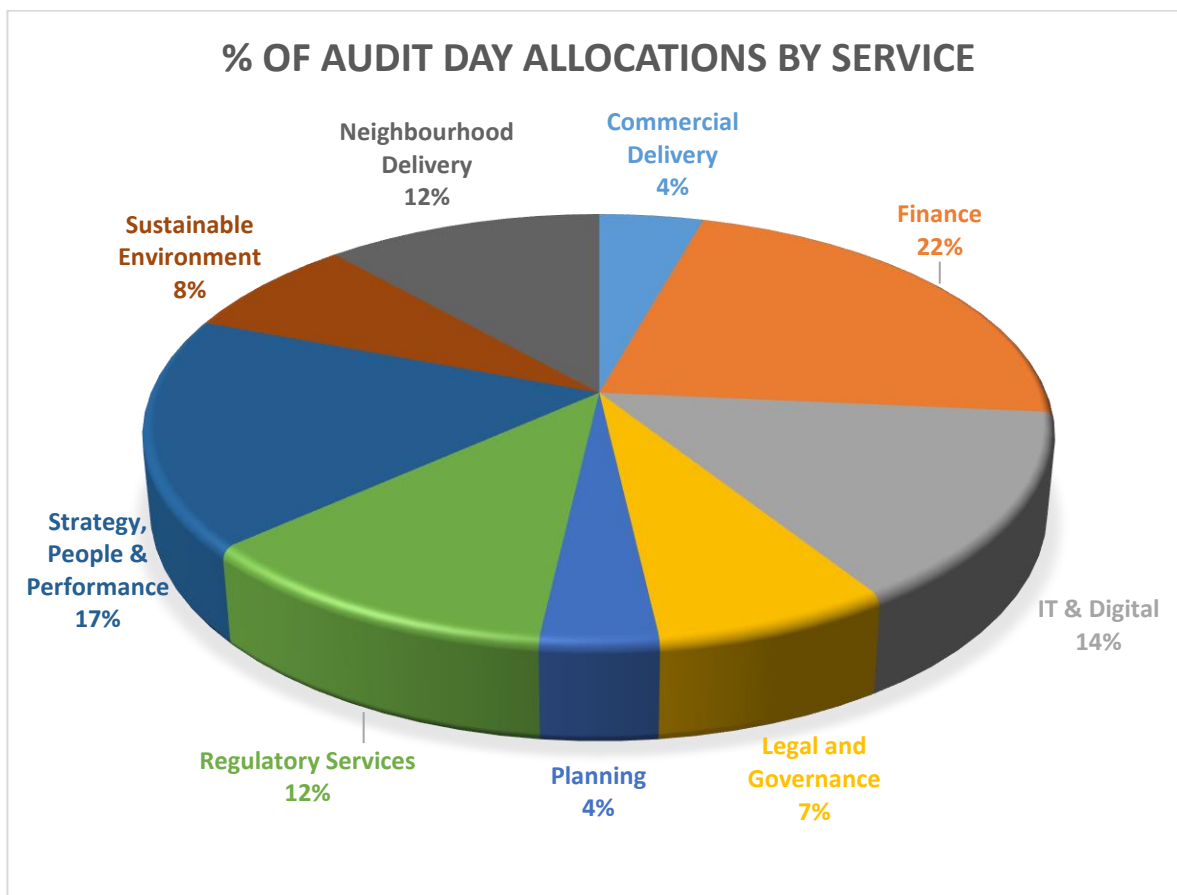
The internal audit service provided to the Council has a total of 341 days available for 2025/26. This includes:

- 25 days allocated to audit management activities, including planning, reporting, engagement with leadership, attendance at the Audit and Standards Committee and recommendation tracking.
- 40 days dedicated to counter fraud activities, supporting the Council's efforts in preventing, detecting, and responding to fraud risks.
- The remaining 276 days are allocated to assurance and consultancy work, providing independent oversight and advisory support across key service areas.

Whilst we strive to create a balanced audit plan across different services areas, the allocation of resources is ultimately driven by our risk assessment process. This ensures that audit activities are focused on the key current and emerging

risks and challenges facing the Council. At the same time, audit activities are also designed to support the aims set out in the Council’s Plan (2022-26), providing assurance and recommendations that contribute to effective service delivery, financial sustainability and good governance.

The chart below illustrates the breakdown of the 276 days (by percentage), across different service areas.



The Plan also includes a range of audit types designed to provide comprehensive assurance across the Council’s operations. The variety of audits ensures that key risk areas are addressed while supporting the Council’s strategic priorities. The audits included in the plan have been categorised into the following types:

- **Financial Audits** – Providing assurance on the effectiveness of financial management, internal controls, and compliance with financial regulations.
- **IT/Digital Audits** – Assessing the security, functionality, and resilience of digital systems and technology infrastructure.
- **Governance Audits** – Reviewing the Council’s decision-making structures, policies, and compliance with regulatory requirements.
- **Grant Audits** – Ensuring that external funding is managed transparently, meets grant conditions, and delivers intended outcomes.
- **Operational Audits** – Examining the efficiency, effectiveness, and controls in place for service delivery and operational processes.
- **Consultancy Audits** – Providing advisory and support services to help strengthen controls, improve processes, and manage risks proactively.

The full 2025/26 Internal Audit Plan can be found at **Appendix 1** to this report.

In creating the Internal Audit Plan, we considered:

- 1) Local Government Reorganisation (LGR) and Devolution;
- 2) The Council Plan and One Council Transformation Programmes (One Green, One Commercial and One Digital);
- 3) Strategic risks reported to the February Audit and Standards Committee; and
- 4) Key financial systems.

Further detail on these considerations is documented below.

2.2 Key Risk Consideration: Local Government Reorganisation and Devolution (1)

One of the most significant risks identified during the development of the Internal Audit Plan is the impact of LGR and Devolution. The potential structural changes, governance realignments, and transition-related uncertainties have been carefully considered to ensure that internal audit activities add value to the Council.

Given the significance of LGR, the Internal Audit Plan has been developed with the following principles in mind:

- **Risk-Based Prioritisation** – Audits have been prioritised based on risk assessments and discussions with key stakeholders to ensure alignment with the Council's strategic objectives.
- **Value-Added Assurance** – The plan includes audits that provide long-term benefits, ensuring that recommendations remain relevant beyond any organisational restructuring.
- **Flexibility and Adaptability** – Recognising the evolving nature of LGR, the plan remains dynamic and subject to periodic review to address emerging risks and priorities.
- **Compliance and Good Governance** – Ensuring that the Council maintains strong governance, financial control, and regulatory compliance throughout the transition and beyond.

2.3 Supporting LGR through Governance Audits

The Internal Audit Plan also incorporates key governance audits designed to support the Council's transition through LGR. These audits will ensure that governance frameworks remain robust and adaptable. Key areas of focus include:

- **Time Set Aside for LGR Developments:** Internal Audit will allocate time to keep abreast of LGR discussions and developments, ensuring the Council is well-prepared for structural and operational changes.
- **Workforce Sustainability:** A review of the workforce strategy to assess how the Council is maintaining a sustainable workforce throughout the LGR process, ensuring retention, recruitment, and skills development align with future needs.
- **Corporate Decision-Making:** Auditing the effectiveness of corporate decision-making frameworks to ensure transparency, accountability, and compliance with statutory obligations during the reorganisation. Ensuring

robust decision-making processes will support effective governance and mitigate risks associated with the reorganisation.

- **Compliance with the Code of Practice on Good Governance for Local Authority Statutory Officers:** This audit will provide assurance that statutory officers are operating within the principles of good governance, ensuring strong leadership and accountability during the LGR transition. Compliance with this Code is essential to maintaining public trust, legal compliance, and effective decision-making, which will be critical as the Council navigates organisational change. Ensuring that statutory officers are fulfilling their governance responsibilities effectively will be pivotal in achieving a smooth transition and ensuring that governance structures remain fit for purpose.

2.4 Linking the Internal Audit Plan to the Council Plan and One Council Transformation Programmes (2)

The Internal Audit Plan has been developed to align with the Council's Plan and Vision, ensuring that audit activities support the successful delivery of the three One Council programmes of work. These programmes are integral to achieving the Council's Plan and Vision, and our plan has been structured to provide assurance and added value in the following ways:

Council Plan – Priority One

- The 'Newcastle Partnership – Community Safety' audit aligns with **working with partners to deliver the best for our communities** by assessing the effectiveness of collaborative arrangements with key partners to enhance community safety and deliver improved outcomes for residents.
- The 'Workforce Sustainability' audit directly supports the aim of **delivering a Workforce Strategy** and aims to add value by providing independent assurance on the effectiveness of the Council's Workforce Strategy, identifying strengths and areas for improvement in recruitment and retention.

Council Plan – Priority Two

- The 'Sustainable Environment Strategy' audit will support the aim of **delivering the Sustainable Environment Strategy and securing a carbon-neutral borough** by providing assurance on the effectiveness of governance, decision-making, and cross-departmental collaboration, ensuring that sustainability is embedded across the Council's operations and that progress towards carbon neutrality is effectively monitored and supported.

Council Plan – Priority Four

- The Regeneration Scheme audit has been included to directly support Priority 4 of the Council Plan – Town Centres for All. Given the Council's commitment to revitalising and repurposing underused town centre spaces to foster economic growth, community engagement, and sustainable development, effective governance of these schemes; Ryecroft Site, York Place, and the Midway Car Park is critical.

One Digital Programme

Our audit reviews in 2025/26 will assess the implementation of digital transformation projects, including the:

- Implementation of a new Customer Relationship Management System;
- move from on-premise hosting, to cloud based through the Microsoft Azure platform; and
- implementation of a new Fleet Management System.

Our audit reviews in 2025/26 will also provide cyber security assurance through reviews of:

- The Council's cyber incident preparedness and response effectiveness; and
- Third party access – which has been the cause of cyber incidents at other organisations and local authorities.

One Green Programme

An audit of the Sustainable Environment Strategy has been included to provide assurance that the Council is on track to achieve the aims set out in the strategy.

2.5 Consideration of Strategic Risks in the Audit Plan (3)

Strategic risks have been carefully considered during the formulation of the Internal Audit Plan to ensure that key risk areas receive appropriate assurance. The following strategic risks, which were reported to the February Audit and Standards Committee, include:

- **Community Cohesion:** Audits related to partnership working, community safety, and homelessness will support efforts to strengthen community resilience and social cohesion.
- **Cyber Security and Data Breach:** Two dedicated cyber security audits will assess the Council's resilience against cyber threats and its preparedness and response effectiveness.
- **Failure to Deliver Strategic Projects:** Reviews of major projects such as the new CRM system and move to Azure as well as projects in the Environmental Sustainability Action Plan will provide assurance that they are well-managed and governed.
- **Financial Risks:** Internal Audit will continue to review financial management processes, including budgetary controls and borrowing, to mitigate financial risks.
- **Workforce:** An audit on workforce sustainability will help ensure the Council maintains a skilled and resilient workforce.
- **Failure to Deliver the Environmental Action Plan:** An audit on the Environmental Sustainability Strategy will assess progress towards key environmental objectives and the effectiveness of governance arrangements supporting the Environmental Action Plan.

2.6 Key Financial Audits (4)

Key financial audits to be undertaken during 2025/26 in accordance with the agreed timetable include:

- Payroll;

- Budgetary Control;
- Debtors;
- E-Payments;
- Main Accounting; and
- Council Tax

2.7 As part of our risk assessment process, 5 top risks have been identified:

- 1) Local Government Reorganisation and Devolution;
- 2) Regeneration Schemes;
- 3) Cyber - Incident Preparedness and Response Effectiveness;
- 4) New Customer Relationship Management System; and
- 5) Workforce Sustainability

2.8 2025/26 Counter Fraud Plan

The full 2025/26 Counter Fraud Plan can be found at **Appendix 1** to this report. In 2025/26, emphasis will continue to be placed on developing the proactive elements of the Plan and increasing the profile of the Counter Fraud work. The Counter Fraud Plan for 2025/26 is based, as in previous years on the CIPFA's Counter Fraud Code of Practice. Counter Fraud work totalling 40 days in 2025/26 is split across the following five key areas of activity:

- Strategic Development (3 days);
- Creating an anti-fraud Culture (2 days);
- Prevent & Deter (20 days);
- Detection (5 days); and
- Investigations (10 days).

The internal audit service will continue to develop its continuous controls monitoring (CCM) programme of work for the Council. This work falls under the Prevent and Deter heading, as detailed above.

2.9 Other Audit Time Allocations

Time has been included in the Plan for management activities required to ensure the effective delivery of the Internal Audit Service.

As part of this time, Internal Audit will continue to track the implementation of previous recommendations made to give on-going assurance to management that the control environment continues to improve. The implementation of audit recommendations will be periodically reported to the Audit & Standards Committee.

3. Recommendation

3.1 That Committee approve the Internal Audit Plan for 2025/26 and agree to receive quarterly reports on the delivery of the assignments within the plan and on the implementation of actions arising.

4. Reasons

- 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 None.

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 2025/26 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.

9. Major Risks & Mitigation

9.1 The risks associated with this report are that internal audit resources are not used efficiently and effectively to provide assurance over the key risks faced by the Council and therefore as a result at the end of the financial year, the Chief Internal Auditor is unable to provide their annual audit opinion on the overall adequacy and effectiveness of the Organisation's governance, risk and control framework, i.e., the control environment. If this were to happen, this would damage the Council's reputation.

10. UN Sustainable Development Goals (UNSDG)

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. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

We will make investment to diversify our income and think entrepreneurially.

One Digital Council

We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

One Green Council

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

12. Key Decision Information

12.1 Not Applicable.

13. Earlier Cabinet/Committee Resolutions

13.1 Not Applicable

14. List of Appendices

14.1 Appendix 1 – 2025/26 Internal Audit Strategy & Plan

15. Background Papers

15.1 Global Internal Audit Standards – revised with effect from 1st April 2025.

15.2 Global Internal Audit Standards in the UK Public Sector Application Note – with effect from 1st April 2025

15.3 Accounts and Audit (England) Regulations 2015.
CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (February 2025)

Internal Audit Strategy & Plan

2025/26

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Internal Audit Strategy 2025/26

Introduction

This document sets out the vision, strategic objectives and supporting initiatives for the Internal Audit Function over the year ahead along with how the service will be delivered, the proposed work of the Internal Audit Function for 2025/26 and how it links to and supports the strategic objective and success of the Council. The Internal Audit Strategy and Plan (the audit plan) have been developed in line with the Internal Audit Charter and Mandate and conforms to the requirements set out within the Global Internal Audit Standards in the UK Public Sector.

The audit plan has been developed to allow sufficient flexibility to respond to change which will happen during the year. Whilst every effort is made to deliver the audit plan as shown, there will always be the need to respond to emerging risks and changing circumstances. The audit plan is therefore a statement of intent – our liaison meetings with senior management will ensure that it is reviewed regularly.

The mandate for Internal Audit in local government is specified within the Accounts and Audit [England] Regulations 2015:

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

It is also a key source of independent assurance for management, designed to add value and improve how the

Council operates. The results of our work feed into the Council's Annual Governance Statement.

Internal Audit's work is performed in conformance with the Global Internal Audit Standards in the UK Public Sector. These require that the scope of Internal Audit covers the whole range of the Council's activities, seeking to provide an annual internal audit opinion on the governance, risk and internal control processes of the Council, which has been established to:

- Achieve strategic objectives.
- Ensure effective and efficient operational systems and programmes.
- Safeguard assets and interests of all kinds.
- Ensure the reliability and integrity of financial and operational information.
- Ensure economic, efficient and effective use of resources.
- Ensure compliance with established policies, procedures, laws, regulations and contracts.

Our Internal Audit Strategy

Our Internal Audit Strategy has been developed to take into account management's assessment of risk and key

organisational objectives and priorities. This is obtained from the contents of the Corporate Risk Registers, our key critical services including IT systems, External Audit considerations, other internal assurance providers (i.e. Health & Safety and Information Governance Officers) and conversations with Senior Management to discuss potential changes/ areas of concern, including consideration of fraud risks within their area of control.

Purpose

The purpose of the Internal Audit Function is to strengthen Newcastle-under-Lyme Borough Council's ability to create, protect, and sustain value by providing the board [Audit & Standards Committee fulfils the role as the Board] and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances Newcastle-under-Lyme Borough Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Newcastle-under-Lyme Borough Council's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Chartered Institute of Internal Auditor's (CIIA) Global Internal Audit Standards [™], which are set in the public interest.
- The Internal Audit Function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

Vision

The vision of our Internal Audit Service is to “provide a high-quality impactful risk based internal audit service providing insight and foresight as well being recognised as a trusted advisor, contributing towards organisational resilience, adding value and service delivery though assurance and advisory services aligned to the Council's strategic objectives and risks.”

Mission Statement

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

Objectives of the Internal Audit Function

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.

Risks

The following risks have been identified in the achievement of the above objectives:

- (i) **Human Resource:** The Internal Audit Function is unable to access an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and audit plan caused by the English devolution and local government reorganisation white paper;
- (ii) **Financial Resource:** Insufficient funding to support the Internal Audit Function caused by local government budgetary constraints.
- (iii) **Technological Resource:** failure to invest in technology including AI and other modern digital tools to drive through continuous service improvements and efficiencies.

Development of the Internal Audit Plan

We use our own risk assessment against each activity assessing their materiality, sensitivity, significance and stability – ranking each area as high, medium or low risk. This allows each possible area to be prioritised based on risk, which then determines whether or not it will be included in the audit plan. A copy of the full risk assessment methodology is included in **Appendix A**.

The plan has been constructed to ensure that it delivers against the Global Internal Audit Standards in the UK Public Sector and

the requirement to produce an annual Head of Internal Audit opinion.

The annual risk-based plan is produced based on the following **key principles**:

- Assurance reviews with a high risk (i.e. >60%) ranking should be completed subject to variation as agreed with the Service Director - Finance (& Section 151 Officer).
- Identification of 'Top Risk' Reviews.
- Key Financial systems – reviewed on a cyclical basis.
- An initial allocation of days to conduct Special Investigations – variable year on year.
- A contingency allocation – variable year on year, as appropriate.
- Time to undertake pro-active counter fraud work.
- Risk based programme of other compliance reviews, where appropriate.

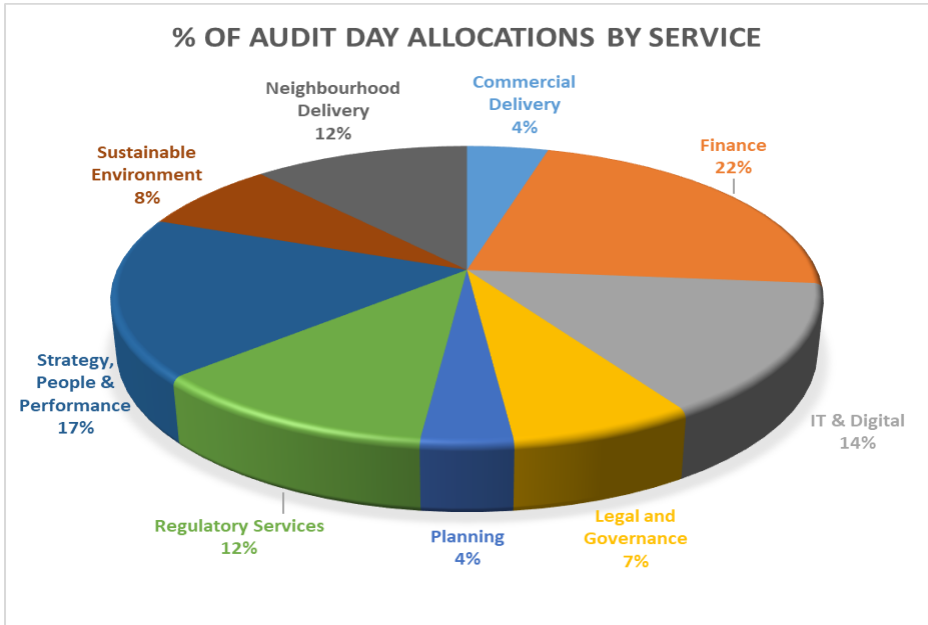
We will work to co-ordinate our work on the key risk areas with the Council's External Auditors during 2025/26 through having a joint understanding which agrees where External Audit may consider the results of our work. The co-ordination of our services minimises duplication of efforts, ensuring that the Council gets the most out of its combined audit resource – keeping audit fees low.

Internal Audit Plan 2025/26

We propose to allocate resources across each Service Area as shown in figure 1, with further details in **Appendix B**.

Top risks facing Councils continue to include pressures on finances and resource resilience; changes in demand and demography as well as global issues, such as climate change and cyber security linked to the continuing Ukrainian crisis. Devolution and local government reorganisation also presents emerging risks for the Council over the next few years which will require careful and effective management.

Figure 1 – Analysis of Audit Plan 2025/26



The top risk reviews for the Council have been assessed as being the following areas in 2025/26:

- 1) Local Government Reorganisation and Devolution;
- 2) Regeneration Schemes;
- 3) Cyber - Incident Preparedness and Response Effectiveness;
- 4) New Customer Relationship Management System; and
- 5) Workforce Sustainability.

The full report for these areas will be presented to the Audit & Standard Committee once the report has been finalised.

Counter Fraud Plan 2025/26

We propose to allocate resources to our counter fraud work as per the details in **Appendix C**. This provides a robust response to Central Government’s expectations for tackling fraud and corruption. This demonstrates the Council’s continued commitment to ensuring good governance during periods of transformational change as well as changes to service delivery.

Management of Resources

It is critical that the Chief Audit Executive obtains and deploys financial, human and technological resources efficiently and effectively to fulfil the Internal Audit strategy and deliver the internal audit plan.

Financial Resources

The Chief Audit Executive will manage the internal audit budget to enable the successful implementation of the internal audit mandate and strategy and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.

Human Resources

The Chief Audit Executive will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and operational risk-based audit plan.

The total resource requirement for Newcastle-under-Lyme Borough Council in 2025/26 is 341 days, which is the same as the previous year.

The Global Internal Audit Standards in the UK Public Sector require a clear analysis of the resources and days available for internal audit engagements compared to other administrative and non-audit related activities or initiatives focused on improving the internal audit function:

Activity	Days
Internal Audit Plan: Risk Based Audit/Advisory	276
Counter Fraud Plan: Proactive & Reactive Counter Fraud	40
Audit Management	25
Total Audit Days	341

Your Internal Audit Team

Your Internal Audit Service is provided by Staffordshire County Council. The team is led by Deborah Harris, Chief Internal Auditor who performs the role of the Chief Audit Executive and is supported by Alex Cannon, Lead Audit Manager & Audit Manager - ICT. Counter Fraud activities are led by Dave Fletcher, Audit Manager – Counter Fraud on behalf of the Chief Internal Auditor.

The delivery model for the Internal Audit Service is mixed – a combination of in-house staff (SCC) and external staff via a Framework Contract and Staffordshire County Council's corporate agency staffing contract. This allows the service to be flexible and respond to peaks and troughs in demand and to buy in specialist resources as required. The Council will continue to use other existing frameworks to procure specialist resources which are available to us during 2025/26.

There are sufficient resources available to deliver the audit plans as detailed in **Appendices B & C**. This helps to ensure that the

Council meets the requirements of the Accounts and Audit Regulations 2015 for maintaining an adequate and effective internal audit function and governance, risk and internal control environment.

Technological Resources

The Chief Audit Executive will ensure that the internal audit function has the technology to support the internal audit process and regularly evaluates technological resources in pursuit of opportunities to improve effectiveness and efficiency and internal audit excellence.

Quality Assurance & Improvement Programme

The Internal Audit Service within Newcastle-under-Lyme Borough Council operates in conformance with standards of best practice applicable to internal audit – the Global Internal Audit Standards in the UK Public Sector along with the CIPFA Code on the Governance of Internal Audit (2025). The Internal Audit team offer a wide depth of knowledge and experience gained across different organisations. We promote excellence and quality through our audit processes, application of the Quality Assurance and Improvement Programme (**Appendix D**) and the training and development programme for staff.

The Quality Assurance and Improvement Programme includes all aspects of the Internal Audit Activity – including governance, professional practice and communication.

The Internal Audit Charter sets out the role, responsibilities and authority of the Internal Audit Service within the Council. This document is approved by the Audit & Standards Committee annually.

Independence

The Chief Audit Executive will ensure that the internal audit function remains free from all conditions that threaten the ability of auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication.

The Chief Audit Executive is not aware of any relationships that may affect the independence and objectivity of the internal audit team. Internal Audit Plan 2025/26

The internal audit team retains no roles or responsibilities that have the potential to impair the internal audit functions independence, either in fact or appearance. Should such circumstance arise, the Chief Audit Executive will advise the Audit & Standards Committee of the safeguards put in place to manage actual, potential or perceived impairments.

Performance Measures

The Section uses several ways to monitor performance, respond to feedback and identify ways in which to improve the service provided. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.

The current performance measures are set out below in Figure 2 for information

Figure 2 – Current Performance Measures

Performance Indicator	Target
Reports issued to draft report stage:	
Assurance Reports	90%
Compliance Reports	90%
Average score for Quality Questionnaires from clients is equal to or exceeds the good standard:	
Assurance Reports	90%
Compliance Reports	90%

Supporting Initiatives 2025/26

Supporting initiatives have been designed to outline specific tactics and steps that enable the achievement of our strategic objectives. In 2025/26, these initiatives focus on internal audit excellence, capacity and competency development and use of

digital and technology to enhance quality and efficiency of work undertaken:

Providing Strategic and Independent Assurance – To uphold the mandate, the Internal Audit Service will (i) deliver independent and objective assurance to the Council, supporting effective governance and risk management practices; and (ii) ensure audit activities remain aligned with the Council’ strategic objectives through regular engagement with the Service Director – Finance (S151 Officer); the Corporate Leadership Team and the Audit & Standards Committee.

Giving Expert Advice – supporting the Council throughout the year in providing valuable insights and foresights into key processes operating across the organisation to help inform governance, control and delivery of its strategic priorities in accordance with the approved internal audit plan.

Developing our capability and Team Resilience – by providing targeted audit training across the Internal Audit Service to deepen and enhance auditors skill set, as well as supporting the development of and investment in our staff by ‘growing our own’ via the apprenticeship qualification route and embedding a culture of continuous learning through certified professional development (CPD) programmes.

Driving Continuous Improvement – To maintain and enhance our reputation as a high-performing assurance provider, the internal audit service will: (i) continuously refine methodologies and processes as appropriate to ensure alignment with best practices; the latest Global Internal Audit Standards in the UK Public Sector; and the CIPFA Code on the Governance of

Internal Audit (ii) enable auditors to have access to the latest, modern digital tools and support the further development and adoption of AI tools; and (iii) continue to implement a quality assurance and improvement program (QAIP) to evaluate and enhance audit outcomes.

Leveraging Technology for Enhanced Efficiency - To strengthen audit quality and operational efficiency, the internal audit service will: (i) continue to invest appropriately in audit management systems, data analytics, and AI tools to enhance risk identification, decision-making, audit efficiency and effectiveness; (ii) Leverage technology to provide stakeholders with dynamic insights through audit dashboards; and (iii) Explore automation opportunities to streamline audit processes and improve resource allocation.

Promoting an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud by keeping under review our continuous controls monitoring (CCM) programme to ensure that our resources are used most effectively to focus on those areas susceptible to fraud as well as producing targeted communications to continue to raise awareness of fraud risks and mitigating controls along with best practice to be adopted.

Supporting Initiatives ensures alignment with our strategic objectives and provides a clear pathway for achieving excellence in internal audit services.

Appendix A – Planning Risk Assessment Methodology

1. Materiality X 2

- a) *Financial value (income/expenditure), materiality, size of budget*
Score between 1 (up to £100,000) 2 (up to £250,000) 3 (up to £1m) 4 (up to £5m) and 5 (above £5m)
- b) *No of transactions*
Score between 1 (a small number of transactions per year) and 5 (significant numbers of daily transactions)

2. Impact/Sensitivity X2

- a) *Links to Strategic Plan 2022-2026/Political sensitivity*
1=No links to Strategic Plan/ and/or no political sensitivity
2 =No links to Strategic Plan / and/or minimal political sensitivity
3=Indirect links with Strategic Plan/ and/or low level of political sensitivity
4=Direct links with Strategic Plan/ and/or medium level of political sensitivity
5=Direct links with Strategic Plan/ and/or high level of political sensitivity
- b) *Non-financial impact e.g. reputation*
1= Managed /reported to Business Unit -Local Media (short term duration)
2= Managed /reported to Heads of Service. Local media (Medium/Long Term duration)
3= Managed /reported to Senior Leadership Team and Members Regional media (short term)
4= Managed /reported to Members and Cabinet Regional/National media (Medium/ Long Term duration)
5= Third Party intervention Public Interest Group, National/International media(Medium/Long Term duration)
- c) *Contained in the Corporate Risk Register*
1 = No
5 = Yes
- d) *Key Partnership* - This considers how important the partnership is to the achievement of the Council's Outcomes. Failure to deliver the objectives of the partnership poses a significant risk to the Organisation.
1 = No
5 = Yes

3. Audit View - Previous Assurance Category

- 1.=Substantial Assurance

- 2 = Adequate Assurance
3 = No Opinion has previously been given
4 = Consultancy – system under development
5 = Limited Assurance

4. Time since previous audit

- 1=Audit carried out last year
2=Audit carried out 2 years ago
3 =Audit carried out 3 years ago
4 =Audit carried out 4 years ago
5 =Audit carried out 5 years ago or more or where there has been no previous audit coverage

5. Linkage to Risk Management - Controls Assurance

- 1 = External Assessment reports available – positive assurance provided
2.= Internal Controls assurance statement available – positive assurance provided.
3.= Internal Controls assurance statement available – significant risks identified.
4.= External Assessment reports available – control weaknesses identified
5.= Nothing available

6. Fraud

- a) *Past experience or occurrence of fraud/irregularity*
Score between 1 (no knowledge/experience of fraudulent activity/irregularity) and 5 (repeated occurrence of fraud/irregularity or experience of fraud/irregularity with significant financial value)
- b) *Inherent risk of fraud within the system.*
Score between 1 (little known scope for intentional manipulation) and 5 (significant scope for intentional manipulation.)

7. Stability of the System

- 1.= Stable system, nothing has changed.
2.= Stable system, changes proposed in year/ short term
3.= New System in operation
4.= System under development – limited to a specific service area
5.= System under development – complex area affecting the whole of the County Council.

Appendix B –Internal Audit Plan 2025/26

Area	Days	Indicative Scope
Commercial Delivery – Simon McEneny		
Regeneration Schemes	12	<p>The authority has previously subjected its overarching regeneration schemes currently being developed by Capital & Centric for Midway Car Park, Astley Place and Ryecroft to cabinet reports and recommendations.</p> <p>To provide clearer accountability, reporting, and control, the regeneration scheme has now been split into three distinct projects, each with its own reporting and approval pathway. Whilst the specific scope of this audit will be carefully developed and agreed with management at the time of the audit, given the financial, reputational, and delivery risks involved, an internal audit review is timely to provide assurance over governance, financial management, compliance, and risk management practices.</p>
Total No. of Days	12 days	

Finance – Sarah Wilkes		
Budgetary Control	12	<p>This area is classified as a key financial system review in 2025/26 as per our cyclical review timetable for key financial systems.</p> <p>The audit will examine key controls relating to the Council's revenue budgetary control system to allow budgets to be appropriately set, approved, monitored and reported upon.</p>
Main Accounting	12	<p>This area is classified as a key financial system review and is scheduled to be reviewed in 2025/26 as per our Cyclical Review timetable for Key Financial systems.</p> <p>The scope of the audit will include a review of the following areas:</p> <ul style="list-style-type: none"> - Feeder systems to the General Ledger; - Balancing of the financial system including opening balances; - Amendments to General Ledger Master Data; - Bank reconciliations - Ledger Inputs; and

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		<p>- Control & Suspense Accounts.</p> <p>A detailed look at controls relating to journals will also be undertaken and this is further supported by testing on the use of journals in the counter fraud plan.</p>
Management of Capital Programme & Budgets	10	Internal Audit will review the capital budgetary control system in place to ensure that suitable governance arrangements are in place to control how capital budgets are set, approved, monitored and reported upon. Our audit work will also ensure that the capital programme is linked to corporate priorities.
Accounts Receivable including Debt Management	12	<p>This area is classified as a key financial system review in 2025/26 as per our cyclical review timetable for key financial systems. In 2025/26, our work will focus on debt recovery following the implementation of the Civica Debtors system in 2022, as well as following up on previous audit recommendations.</p> <p>This will provide management with assurance that the Council operates in accordance with the Debt Recovery Policy to ensure that outstanding debts are appropriately monitored, recovered in a timely manner, and recorded accurately in financial systems.</p>
Treasury Management - Borrowing	5	Requested by management, this limited scope audit of Treasury Management, focussing on borrowing, has been included to provide assurance that the Council's procedures are fit for purpose ahead of its first borrowing in many years to support capital programmes.
E-Payment	10	<p>This area is classified as a key financial system review in 2025/26 as per our cyclical review timetable for key financial systems and will provide assurance that processes in place for receiving and processing electronic payments are operating effectively to ensure that payments are completed accurately and securely; and in accordance with PCI DSS and GDPR requirements.</p> <p>The review will also assess the availability of procedures, recording of transactions and customer data and the security of access to the e-payments system. As part of the review, Internal Audit will review a sample of payments and refunds taken across the Council's service areas.</p>
Total No. of Days	61 days	

IT & Digital – Sam Clark		
Cyber - Incident Preparedness and Response Effectiveness	10	This cyber assurance audit has been included to assess the Council’s preparedness for and effectiveness in responding to cyber threats. This review will evaluate the robustness of incident response and recovery plans to ensure the Council can detect, respond to and recover from cyber incidents efficiently.
New Customer Relationship Management System	12	An audit of the Council's new case management system has been included as it is a critical component of the Technology Strategy, involving the procurement and implementation of a new CRM system to replace multiple legacy systems. Audit input will provide assurance that the system is secure and resilient, with a particular focus on data migration, system testing, and key project management controls to mitigate risks and support a successful implementation.
Azure	10	The Council is currently undertaking a significant programme to move all services from the on-premise data centre to an Infrastructure as a Service provision within Microsoft Azure. This shift is crucial for modernising the Council’s IT systems and meeting the growing demands of the community. The purpose of the audit is to provide assurance that the migration to Microsoft Azure IaaS is managed effectively. This includes evaluating the measures and monitoring mechanisms in place for core activities such as security, availability, capacity, resilience, and managing ongoing costs.
Cyber Assurance - Third Party Access	8	This audit will provide cyber security assurance and has been included to assess the risks associated with third party access to the Council's systems and data. This review will evaluate the effectiveness of access controls, monitoring arrangements, and compliance with security policies to prevent unauthorised access and potential data breaches. The audit will provide assurance that third party connections are secure, appropriately managed, and aligned with cyber security best practices.
Total No. of Days	40 days	

Newcastle-under-Lyme Borough Council

Local Government Reorganisation and Devolution	5	<p>The English Devolution White paper published in December 2024 sets out Central Government's direction of travel to deliver the current government's plan for change. There are two fundamental aspects to this white paper (i) widening devolution across England; and (ii) Local Government Reorganisation. In respect of the latter, the white paper has announced a programme of LGR for two-tier areas for unitary councils whether there is evidence of failure or where their size is hindering their ability to deliver sustainable and high-quality public services. There will be a phased approach to both devolution and LGR.</p> <p>Time is required in the 2025/26 IA plan to keep abreast of discussions and developments in this area in the lead up to and implementation of fundamental changes to NuLBC.</p>
Delivering Good Governance - Corporate Decision Making Arrangements	10	<p>The audit of corporate decision-making arrangements has been included to provide assurance that the Council's governance structure and processes remain effective, transparent and accountable, particularly in the context of local government reorganisation. Given the potential for future structural and operational changes because of LGR, the audit will assess whether decision making frameworks are robust, well documented, and support timely, informed and compliant decisions.</p> <p>This review will also incorporate the Officer's Scheme of Delegation.</p>
Compliance with the Code of Practice on Good Governance for LA Statutory Officers	5	<p>In 2025/26, Internal Audit will undertake a high-level review to ensure that the Council is compliant with the Code of Practice on Good Governance for LA Statutory Officers that was published in July 2024.</p> <p>The audit review will provide assurance over awareness of the Code as well as compliance.</p>
Total No. of Days	20 Days	

Neighborhood Delivery – Roger Tait

Supported Accommodation	12	The audit of Supported Accommodation has been included to provide assurance over the management and oversight of Housing Benefit subsidy claims, particularly in relation to unregistered providers. As the local authority claims a subsidy from the Department for Work and Pensions
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Newcastle-under-Lyme Borough Council

		<p>(DWP), this review will assess whether subsidy claims are accurate, compliant with DWP regulations, and appropriately monitored to minimise financial risk.</p> <p>The audit will focus on the classification of accommodation types, rent reasonableness assessments, and controls in place to ensure that claims for unregistered providers meet eligibility criteria and do not expose the Council to financial loss or subsidy clawback.</p>
Newcastle Partnership - Community Safety	10	<p>This audit has been included to provide assurance that governance, financial management, and performance monitoring arrangements are effective in delivering community safety objectives. As the accountable body, the Council is responsible for ensuring that funding received from partner agencies is managed transparently and used to support innovative projects tackling anti-social behaviour and other community safety priorities.</p> <p>This review will assess the effectiveness of partnership governance, funding oversight, risk management, and outcome measurement to ensure compliance, value for money, and alignment with strategic objectives.</p>
Council Tax	10	<p>This area is classified as a key financial system review in 2025/26 as per our cyclical review timetable for key financial systems and will assess the effectiveness, efficiency, and compliance with the council tax collection and administrative processes, with a particular focus on the planned transition to paperless billing.</p>
Total No. of Days	32 Days	

Planning – Craig Jordan

Planning Appeals	10	<p>The audit review of Planning Appeals has been included to provide assurance that the Council's appeals process is robust, efficient, and compliant with updated regulations. This review will assess governance arrangements, and the effectiveness of case management to ensure appeals are handled in a timely, transparent, and consistent manner.</p>
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Total No. of Days	10 Days	
Regulatory Services – Nesta Barker (Gillian Taylor)		
Taxi Licensing	10	<p>An audit review on the statutory function of Taxi, Vehicle, and Operator Licensing has been included to provide assurance that the Council is effectively fulfilling its regulatory responsibilities in line with relevant legislation and safeguarding requirements. This review will assess the robustness of licensing processes, including applicant vetting, vehicle safety checks, and operator compliance.</p> <p>The audit will also evaluate governance arrangements, enforcement activity, and fee management to ensure the function operates transparently, lawfully, and in a way that upholds public safety and confidence in the licensing system.</p>
Homelessness and Rough Sleepers Grants	12	<p>An audit review of Homelessness and Rough Sleeping has been included to provide assurance over the effective management and use of grant funding allocated to support these critical services (£398,090 has been awarded in 2025/26 between the Rough Sleeping Prevention and Recovery Grant and the Homelessness Prevention Grant). With the Council receiving two grants specifically for homelessness and rough sleeping initiatives, this review will assess governance arrangements, financial controls, and compliance with grant conditions.</p> <p>The audit will also evaluate how funding is allocated, recorded, monitored, and used to deliver intended outcomes, ensuring transparency, value for money, and alignment with the Council's strategic priorities for reducing homelessness and supporting vulnerable individuals.</p>
Disabled Facilities Grant	10	<p>Annual verification of grant expenditure is required to provide assurance that conditions attached to the Disabilities Facilities Capital Grant Determination letter have been complied with.</p> <p>Review to include internal processes and systems for the management and oversight of DFG expenditure.</p> <p>NuLBC have been awarded £2,128,178 for 2025/26.</p>
Total No. of Days	32 Days	

Strategy, People & Performance – Georgie Evans-Stadward

Newcastle-under-Lyme Borough Council

Workforce Sustainability	10	<p>Workforce sustainability has been included in the 2025/26 audit plan following the Council's new Workforce Strategy, which is a key element of Priority 1 in the Council Plan. Given the uncertainty surrounding local government reform, it is essential to assess whether the strategy is robust, adaptable, and effectively addressing workforce sustainability with regards to planning, recruitment, skills and retention challenges.</p> <p>The audit will provide assurance on governance, risk management and workforce resilience, ensuring the Council is well prepared to manage potential structural or operational changes.</p>
Civil Contingencies	10	<p>Requested by management, this audit on Civil Contingencies has been included to provide assurance that the Council has robust emergency planning, response and recovery arrangements in place to meet its statutory duties under the Civil Contingencies act 20024. A key focus will be on roles and responsibilities to ensure clarity, accountability and readiness across the Council.</p>
Use of Agency Staff and Consultants	10	<p>The audit of the Use of Agency Staff and Consultants has been included to provide assurance that the Council has effective controls in place to manage workforce costs, compliance, and service delivery risks. This review will assess the governance and procurement processes for engaging agency staff and consultants, ensuring compliance with relevant policies, regulations, and value-for-money principles.</p> <p>The audit may also consider, contract management, and oversight arrangements to ensure the use of temporary resources is justified, well-managed, and supports the Council's operational and strategic objectives. Additionally, the review will assess whether applicable key recruitment checks, such as right-to-work verification, qualifications, and safeguarding requirements, are being carried out appropriately for agency and consultancy workers.</p>
Payroll	8	<p>This area is classified as a key financial system review in 2025/26 as per our cyclical review timetable for key financial systems and will review the processes in place within the payroll system of control, provided by Stoke City Council to ensure that it is robust and operating as expected.</p>
Lone Working	10	<p>Requested by management, this audit has been included to ensure the safety and security of employees working remotely or in isolation.</p> <p>This review will assess the effectiveness of current controls, compliance with health and safety regulations, and the reliability of monitoring and response mechanisms. The audit will provide assurance that risks are being appropriately managed, and that the lone working system supports the Council's duty of care to its workforce.</p>

Newcastle-under-Lyme Borough Council

Total No. of Days	48 Days	
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Sustainable Environment - Andrew Bird		
New Fleet Management System - Advisory	11	This advisory review of the new Fleet Management System has been requested by management to provide support and assurance on key areas critical to its successful implementation. This work will focus on the migration of paper records into the system, ensuring data accuracy, completeness and integrity. Additionally, it will provide advice on system and user testing, ensuring the system function as intended.
Sustainable Environment Strategy	10	The audit of the Sustainable Environment Strategy has been included at management's request to provide assurance that the Council is on track to achieve the aims set out in the strategy. This review will assess the effectiveness of governance, decision-making processes, and cross-departmental collaboration to ensure that sustainability considerations are embedded as a 'golden thread' throughout the Council. The audit will evaluate how well other departments align their actions with the strategy's objectives, the robustness of performance monitoring, and whether appropriate support mechanisms are in place to drive progress and maximise environmental impact.
Total No. of Days	21 Days	
TOTAL DAYS FOR NuLBC AUDIT PLAN	276 Days	

Audit Management		
Management of the Internal Audit Function	25	Time required to ensure delivery of the Internal Audit Service in accordance with the service level agreement and Contract including attendance at the Audit & Risk Committee
Total No. of Days	25 Days	

Appendix C –Counter Fraud Plan 2025/26

Area	Number of Days
Strategic Development	
To keep under review key NuLBC Fraud Policies to ensure they are up to date, and reflect current best practice, and latest legislation. Policies to be reviewed include the Anti-Fraud and Anti-Corruption Framework, the Anti-Money Laundering Policy, the Whistleblowing Policy, and the annual Fraud Response Plan.	1
To maintain the Council's Fraud Risk Assessment (as appropriate).	1
Representation at the MCCIAG Fraud Sub-Group; SCAG working group (as required) and the Staffordshire Counter Fraud Partnership.	0.25
Management Reporting and Liaison with the Service Director for Finance (S151 Officer) and Monitoring Officer as and when issues arise.	0.25
Audit & Standards Committee Fraud Reporting in year.	0.5
Total Days	3
Development of an Anti-Fraud Culture	
Produce and circulate articles to raise awareness of Fraud on the Council's Intranet.	1
In partnership with the SCFP, participate in fraud awareness campaigns	1
Total Days	2
Prevent and Deter	
Publicise both local and national cases of proven fraud within the Council	0.5
Continuous Controls Monitoring (CCM) - Corporate	
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 may be utilised in year include creditor payments, purchasing card transactions, absence records, mileage and expenses claims.	9.5
Accounting Journals	
Undertake data analytics to identify journals processed outside office hours and to confirm their appropriateness and validity	5

<u>Use of Procurement Exceptions</u>	
To assess the use of procurement exceptions with the Council, identifying potentials risks of fraud, misuse, or non-compliance with procurement regulations.	5
Total Days	20
Detection	
<u>National Fraud Initiative - NFI Phase 2 (NFI 2024) - Co-ordinate the continued participation in the Cabinet Office's national fraud initiative data matching exercise and periodic reporting of results</u>	5
Total Days	5
Investigation	
Continue to undertake reactive investigative work covering various types of fraud including non-benefit fraud and corporate fraud when issues of concern are identified through routine audit, reported by management, reported via the on-line reporting tool, fraud email, hotline or via the whistleblowing processes in place during 2025/26.	20
Total Days	10
Grand Total (Days)	40

Appendix D – Quality Assurance & Improvement Programme

Quality Assurance

Quality outcomes/process designed to deliver a consistently high-quality audit service to our clients – fit for purpose/ meets client expectations/conforms to the Global Internal Audit Standards in the UK Public Sector.

Quality Improvement Plan

CIA reporting to the Audit & Standards Committee on the outcome of quality assurance review, together with the improvement action plan and any significant areas of non-conformance to the Standards included in the Annual Report/Annual Governance Statement.

Ongoing Monitoring

Quality checks and oversight are undertaken throughout the audit review, ensuring that processes and practice are consistently applied and working well.

Role of the CIA

- To develop and maintain the Quality Assurance & Improvement Programme (QAIP) and resultant action plan.
- Focus on evaluating conformance with the Internal Audit Charter.

- Arrange an External Assessment in-conjunction with the Audit & Standards Committee.

Role of the Audit Managers

- Obtain on-going assurance that the audit planning, fieldwork conduct and reporting/communication results adhere to audit standard practice (as defined in the audit manual).
- Undertake audit supervision and review. The extent of supervision needed will depend on the proficiency and experience of the internal auditors and the complexity of the review.

Role of Individual Auditors

- Conduct all audit reviews in accordance with the requirements contained in the audit manual and the Global Internal Audit Standards in the UK Public Sector.
- Behave at all times in accordance with the Global Internal Audit Standards in the UK Public Sector – Domain II – Ethics & Professionalism.
- Promote the standards and their use throughout the Internal Audit Activity.
- Actively seek feedback for all reviews undertaken.
- Demonstrable commitment to delivering quality services.

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO**

**Audit and Standards Committee
7 April 2025**

Report Title: Internal Audit Charter 2025/26

Submitted by: Chief Internal Auditor

Portfolios: All

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, mandate and responsibilities of Internal as well as confirming its relationships with key stakeholders as required by the Global Internal Audit Standards in the UK Public Sector. 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. Endorse the Internal Audit Charter 2025 which has revised to take account of the Global Internal Audit Standards in the UK Public Sector which are due to come into effect on 1st April 2025 and authorises the Chair of the Audit and Standards Committee to sign the Charter in conjunction with the Chief Audit Executive and Senior Management.</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 Global Internal Audit Standards in the UK Public Sector 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 From April 2025, new Internal Audit standards will replace the existing Public Sector Internal Audit Standards. The new standards are designated as the Global Internal Audit Standards in the UK Public Sector (GIAS in the UK Public Sector). Conformance with these new standards has required the review and subsequent revision of Newcastle-under-Lyme's Internal Audit Service's Internal Audit Charter.

1.2 Standard 6.2 of the GIAS in the UK public Sector requires that the Chief Audit Executive develops and maintains an Internal Audit Charter that specifies, at a minimum, the Internal Audit function's:

- a) Purpose of Internal Audit;
- b) Commitment to adhering to the Global Internal Audit Standards in the UK Public Sector;
- c) Mandate, including scope and types of service provided, and the board's responsibilities and expectations regarding management's support of the internal audit function; and
- d) The internal audit function's organisational position and reporting relationships.

1.3 The revised Internal Audit Charter is attached as Appendix 1 to this report.

2. Issues

2.1 The revised Internal Audit Charter sets out the purpose and mandate for Internal Audit by reference to the Global Internal Audit Standards in the UK Public Sector and the Accounts and Audit Regulations 2015. The Internal Audit Charter also covers the Audit and Standards Committee Oversight function, roles and responsibilities and the scope and types of services to be provided by the Council's Internal Audit Service. The Charter is required to be formally agreed and approved by this Committee and periodically reviewed.

2.2 The revised Internal Audit Charter follows a recommended template provided by the Chartered Institute of Internal Auditors (CIIA) to ensure that the wording of the new standards is appropriately included. Because the structure and headings of the revised charter are new, it is difficult to set out the changes for comparison, however, the key points of change are as follows:

- a) There is a new section referred to as the Mandate which is a requirement of the new standards (Standard 6.1). This refers to the authority for the Internal Audit function which is derived from legislation and Accounts and Audit Regulations 2015;
- b) The previous section on Audit Independence is now broader, covering Independence, Organisational Position and Reporting Relationships; and
- c) The section on Audit and Standards Committee Oversight is now more detailed, although there are no significant changes in content.

2.3 The revised Internal Audit Charter also takes account of the requirements set out in the CIPFA's Code of Practice on the Governance of Internal Audit in the UK local government (published in February 2025).

3. Recommendation

3.1 That Committee approve the Internal Audit Charter 2025.

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 GIAS in the UK Public Sector and the provision of an effective internal audit.

5. **Options Considered**

5.1 None.

6. **Legal and Statutory Implications**

6.1 Whilst there are no direct implications arising from this report, the Accounts and Audit Regulations 2015 specifically require that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

7. **Equality Impact Assessment**

7.1 There are no direct implications arising from this report.

8. **Financial and Resource Implications**

8.1 Delivery of the Internal Audit Plan 2025/26 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 Internal Audit examines objectively, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Where relevant, the results of individual reviews will link into the Annual Governance Statement, providing assurance on the operation of key controls. Internal Audit will continue to align its work with the Corporate Risk Register.

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

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. **One Council**

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

We will make investment to diversify our income and think entrepreneurially.

One Digital Council

We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

One Green Council

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

12. **Key Decision Information**

12.1 Not Applicable.

13. **Earlier Cabinet/Committee Resolutions**

13.1 Not Applicable

14. **List of Appendices**

14.1 Appendix 1 – 2025/26 Internal Audit Charter

15. **Background Papers**

15.1 Global Internal Audit Standards (published 9th January 2024).

15.2 Application Note: Global Internal Audit Standards in the UK Public Sector – Applicable from 1st April 2025.

15.3 Code of Practice for the Governance of Internal Audit in UK Local Government – February 2025

Internal Audit Charter

2025/26

Newcastle-under-Lyme Borough Council

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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 Global Internal Audit Standards in the UK Public Sector. 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).

Purpose

The purpose of the internal audit function is to strengthen Newcastle-under-Lyme Borough Council'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.

The internal audit function enhances Newcastle-under-Lyme Borough Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Newcastle-under-Lyme Borough Council's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Chartered Institute of Internal Auditor's (CIIA) Global Internal Audit StandardsTM, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

¹ The Audit & Standards Committee is referenced in the Global Internal Audit Standards in the UK Public Sector as the Board.

Commitment to Adhering to the Global Internal Audit Standards

Newcastle-under-Lyme Borough Council's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework through conformance with the Global Internal Audit Standards in the UK Public Sector. The Chief Audit Executive will report annually to the Board and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

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 the Global Internal Audit Standards in the UK Public Sector. These requirements are mandatory; instances of non-conformance must be reported to the Board as part of the Chief Audit Executive's annual outturn report. The Service Director – Finance (s151 Officer) has been delegated with this requirement by the Council.

The Internal Audit function's authority is created by its direct reporting relationship to the Audit and Standards Committee and the Corporate Leadership Team. Such authority allows for unrestricted access to the Audit and Standards Committee.

The board authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.

- Obtain assistance from the necessary personnel of Newcastle-under-Lyme Borough Council and other specialized services from within or outside Newcastle-under-Lyme Borough Council to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

Newcastle-under-Lyme Borough 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 and from time-to-time agency staff procured via Staffordshire County Council's corporate agency staffing contract. The Chief Audit Executive role at Newcastle-under-Lyme Borough Council is performed by the Chief Internal Auditor from Staffordshire County Council (who is the nominated Officer) who reports into the Service Director – Finance (s151 Officer). Client responsibility therefore lies with a member of Senior Management at Newcastle-under-Lyme Borough Council. The above reporting relationships conforms with the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (2025). In addition, the Chief Audit Executive has direct access to Newcastle-under-Lyme Borough Council's Monitoring Officer (Service Director – Legal & Governance) and Head of Paid Service (Chief Executive) and has unfettered access to the members and Chair of the Audit and Standards Committee.

These arrangements provide the organisational authority to bring matters directly to senior management and escalate matters to the Audit and Standards Committee, when necessary, without interference and supports the Internal Auditors' ability to maintain objectivity.

The Chief Audit Executive will confirm to the Audit and Standards Committee, at least annually, the organisational independence of the Internal Audit function. If the governance structure does not support organisational independence, the Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Chief Audit Executive will disclose to the Audit and Standards Committee any interference Internal Auditors encounter related to the scope, performance, or communication of Internal Audit work and results. The disclosure will include communicating the implications of such interference on the Internal Audit function's effectiveness and ability to fulfil its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Chief Audit Executive, Audit and Standards Committee, and senior management on the Internal Audit mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the Chief Audit Executive, Audit and Standards Committee, and/or senior management.

- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Board Oversight

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 Global Internal Audit Standards in the UK Public Sector, the Audit & Standards Committee performs the role of the 'Board'.

To establish, maintain, and ensure that Newcastle-under-Lyme Borough Council's Internal Audit function has sufficient authority to fulfil its duties, the Audit and Standards Committee will:

- Discuss with the Chief Audit Executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Chief Audit Executive has unrestricted access to and communicates and interacts directly with the board, including in private meetings without senior management present.
- Discuss with the Chief Audit Executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the Chief Audit Executive and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services and to review the Internal Audit Charter annually with the Chief Audit Executive to consider changes affecting the organisation.
- Approve the risk-based Internal Audit Strategy and Plan.
- Receive communications from the Chief Audit Executive about the Internal Audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review the results annually.

- Make appropriate inquiries of senior management and the Chief Audit Executive to determine whether scope or resource limitations are inappropriate.

To facilitate the above, Members of the Audit & Standards Committee have determined that they wish to receive the following documents:

- The annual Audit Strategy & Internal Audit Plan;
- The Internal Audit Mandate and Charter;
- The annual assessment of Internal Audit to ensure that it meets the requirements set out in the Accounts and Audit Regulations 2015 and the Global Internal Audit Standards in the UK Public Sector;
- The results of the external assessment of Internal Audit which must be performed every 5 years wef April 2013 (which was last completed January 2023);
- 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;
- 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 as agreed with the Service Director – Finance (s151 Officer)).
- 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.

In addition, the performance evaluation of the Chief Audit Executive and the Internal Audit function will include feedback from the Chair of the Audit & Standards Committee and the Service Director – Finance (s151 Officer).

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.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards in the UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Chief Audit Executive will ensure that the Internal Audit function remains free from all conditions that threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Audit Executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Whilst Internal Audit is not responsible for the detailed development or implementation of new systems, they may be consulted during the system development process on the control measures to be incorporated in any new or amended systems. To maintain independence in these situations, 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.

Furthermore, Internal Auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Newcastle-under-Lyme Borough Council or its affiliates.
- Initiating or approving transactions external to the Internal Audit function.
- Directing the activities of any Newcastle-under-Lyme Borough Council employee that is not employed by the Internal Audit function, except to the extent that such employees have been appropriately assigned to Internal Audit teams or to assist Internal Auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually to the Chief Audit Executive.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

To facilitate the above, 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 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 Domain II – Ethics & Professionalism within the Global Internal Audit Standards in the UK Public Sector 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 and agency staff are also required to declare any potential conflicts of interest at the start of any assignment to the Chief Audit Executive.

Managing the Internal Audit Function

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

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

The Chief Audit Executive has the responsibility to:

- Annually, submit a risk-based internal audit plan to senior management for review and endorsement and then to the board for consideration and approval.
- Communicate the impact of resource limitations on the Internal Audit Plan to the Audit and Standards Committee and senior management.
- Review and adjust the Internal Audit Plan, as necessary, in response to changes in Newcastle-under-Lyme Borough Council's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit and Standards Committee and senior management if there are significant interim changes to the Internal Audit Plan.
- Ensure Internal Audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards in the UK Public Sector.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and periodically communicate the results of Internal Audit services to the Audit and Standards Committee and senior management.
- Ensure the Internal Audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and fulfil the Internal Audit mandate.
- Identify and consider trends and emerging issues that could impact Newcastle-under-Lyme Borough Council and communicate to the Audit and Standards Committee and senior management as appropriate.
- Consider emerging trends and successful practices in Internal Auditing.

- Establish and ensure adherence to methodologies designed to guide the Internal Audit function.
- Ensure adherence to Newcastle-under-Lyme Borough Council's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or the Global Internal Audit Standards in the UK Public Sector. Any such conflicts will be resolved or documented and communicated to the Audit and Standards Committee and senior management.
- Maintain awareness of the work of other internal and external providers of assurance and advisory services and consider relying upon these where appropriate.

In addition, the Chief Audit Executive should be consulted on all proposed major projects, programmes and policy initiatives, as appropriate.

The Chief Audit Executive 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 & 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 Chief Audit Executive 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 Chief Audit Executive 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.

Communication with the Audit and Standards Committee and Senior Management

The Chief Audit Executive 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.
- Contribute to the review of the Audit & Standards Committee effectiveness, advising the Chair of any suggested improvement.
- Be responsible for the overall development of the Internal Audit Strategy and annual Internal Audit Plan, which demonstrates value for money to the organisation.

The Chief Audit Executive will report at least annually to the Audit & Standards Committee and Senior Management regarding:

- The Internal Audit function's Mandate and Charter.
- The Internal Audit Plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the Internal Audit Plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the Internal Audit function's conformance with the Global Internal Audit Standards in the UK Public Sector and action plans to address the Internal Audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit and Standards Committee that could interfere with the achievement of Newcastle-under-Lyme Borough Council's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond Newcastle-under-Lyme Council's risk appetite.

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

The Service Director - Finance (section 151 Officer) has overall delegated responsibility from the Council for the Internal Audit function. Following consultation with the Corporate Leadership Team, they will endorse the annual Internal Audit

Strategy and Plan before it is formally approved by the Audit & Standards Committee.

The Service Director – Finance (Section 151 Officer) will ensure that they are periodically briefed by the Chief Audit Executive on the following:

- Overall progress against the annual Internal 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 (Section 151 Officer) will ensure that update reports are reported regularly to the Audit & Standards Committee, to include an annual outturn report.

Role of Corporate Leadership Team Members

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

Relevant extracts of those reports referred to above will receive prior consideration by the relevant CLT Member. 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 Chief Audit Executive will present the annual Internal Audit Strategy and Plan 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.

Scope & Type of Internal Audit Services

The Chief Audit Executive is required to provide an annual opinion to the Council and to the Service Director – Finance (Section 151 Officer) 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.

In accordance with the Global Internal Audit Standards in the UK Public Sector, 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;
- Where relevant, audit work programmes will be linked to the Council's strategic risks recorded in the Enterprise Risk Management (ERM) module of K10.
- 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'. Also see Audit Independence elsewhere in the Charter.

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

The Chief Audit Executive 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. To enable this, the Chief Audit executive will ensure that individual internal auditors have sufficient knowledge of fraud risks and fraud risk management practice. Fraud risks that are covered within standard audit work programmes are identified within the K10 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 Chief Audit Executive will ensure that internal auditors have adequate proficiency to undertake the activity (standard 3.1). Any impairment to independence or objectivity will also be identified and managed prior to the work commencing (standards 2.1 and 7.1).

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. 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 Service Director – Finance (Section 151 Officer), relevant 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.

In particular:

a) Creation of an Anti-Fraud Culture:

- Raising awareness of the 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.
- Circulation of the Fraud-Watch Publication.
- Promotion of a Poster Campaign to raise awareness.

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 may 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.

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	●	●	●	●	

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.

Due Professional Care

Since April 2025, the Internal Audit Section (including its external providers) operates in accordance with the professional standards and practice statements included within the Global Internal Audit Standards in the UK Public Sector. Instances of non-conformance with the standards must be reported to the Audit & Standards Committee.

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

- Exercise due professional care based upon appropriate experience, training, ability, integrity and objectivity;
- Perform their work with honesty and professional courage;
- 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 the Global Internal Audit Standards in the UK Public Sector;
- Apply professional skepticism to critically assess and evaluate information; and
- Consider the use of technology-based audit and other data analysis techniques.

Quality Assurance & Improvement Programme

The Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the Internal Audit function. The program will include external and internal assessments of the Internal Audit function's conformance with the Global Internal Audit Standards in the UK Public Sector, as well as performance measurement to assess the Internal Audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to Internal Auditing. Also, if applicable, the assessment will include plans to address the Internal Audit function's deficiencies and opportunities for improvement. Significant deviations will be considered for inclusion in the Annual Governance Statement.

Annually, the Chief Audit Executive will communicate with the Audit and Standards Committee and senior management about the Internal Audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Newcastle-under-Lyme Borough Council; qualifications must include at least one assessor having the characteristics outlined for Chief Audit Executive qualification.

Audit Processes

An Audit Manual is maintained detailing the procedures to be followed at each stage of the audit process including an instruction documents, guidance and videos guides for the operation of the Audit Management System, K10. 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 Chief Audit Executive 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.

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.

Approval/Signatures

Chief Audit Executive

Date

Service Director – Finance (section 151 Officer)

Date

Board Chair

Date

Appendix A

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.

Appendix B

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	Impact Ref	Marginal 1	Significant 2	Fundamental 3	Catastrophic 4
Financial	A	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	B	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	C	Breaches of local procedures / standards	Breaches of regulations / standards	Breaches of law punishable by fines only	Breaches of law punishable by imprisonment
Legal/Regulatory	D	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	E	Unlikely to cause complaint / litigation	High potential for complaint, litigation possible	Litigation to be expected	Litigation almost certain and difficult to defend
Performance	F	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	G	Doesn't affect any identified objectives	Adversely affects a service objective	Seriously damage Departmental objective / priority	Seriously damage any Council objectives / priorities
Service Delivery	H	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	I	No more than 3 people involved	No more than 10 people involved	Up to 50 people involved	More than 50 people involved
Health & Safety	J	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 THE
AUDIT & STANDARDS COMMITTEE**

07 April 2025

Report Title: Corporate Risk Management Report

Submitted by: Corporate Leadership Team

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>To provide Members with the reviewed Risk Management Policy Statement, to be 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>	
<p><u>Recommendation</u></p> <p>That the Audit & Standards Committee:</p> <ol style="list-style-type: none"> 1. Accept the reviewed Risk Management Policy and Strategy for the 2025/26 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. 	
<p><u>Reasons</u></p> <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 2024.

2. **Issues**

- 2.1 None.

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**

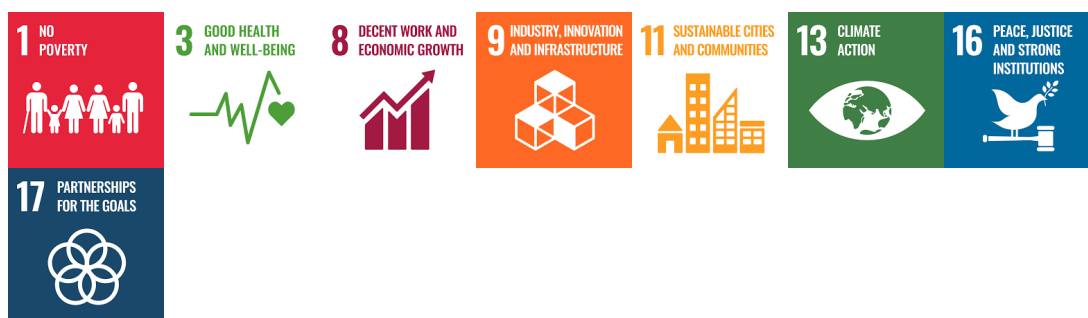
- 8.1 There are no resource implications in respect of the management and reporting of risk, outside of usual establishment provision for the costs of delivering that service. Finance and resource implications arising from particular risks are identified and managed as part of the risk profile in question.

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. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

We will make investment to diversify our income and think entrepreneurially.

One Digital Council

We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

One Green Council

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

12. Key Decision Information

12.1 N/A

13. Earlier Cabinet/Committee Resolutions

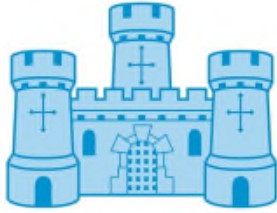
13.1 Previous Minutes from Committee meeting held on 22 April 2024.

14. List of Appendices

14.1 Appendix A – Risk Management Policy Statement and Risk Management Strategy.

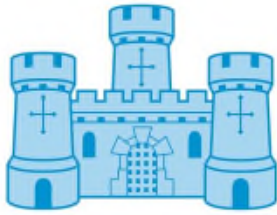
15. Background Papers

15.1 2024/2025 Risk Management Policy and Strategy.



NEWCASTLE-UNDER-LYME
BOROUGH COUNCIL

RISK MANAGEMENT POLICY STATEMENT **2025/2026**



RISK MANAGEMENT POLICY STATEMENT 2025/2026

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:

Leader

Signed:

Date:

Chief Executive



RISK MANAGEMENT STRATEGY 2025/2026

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.

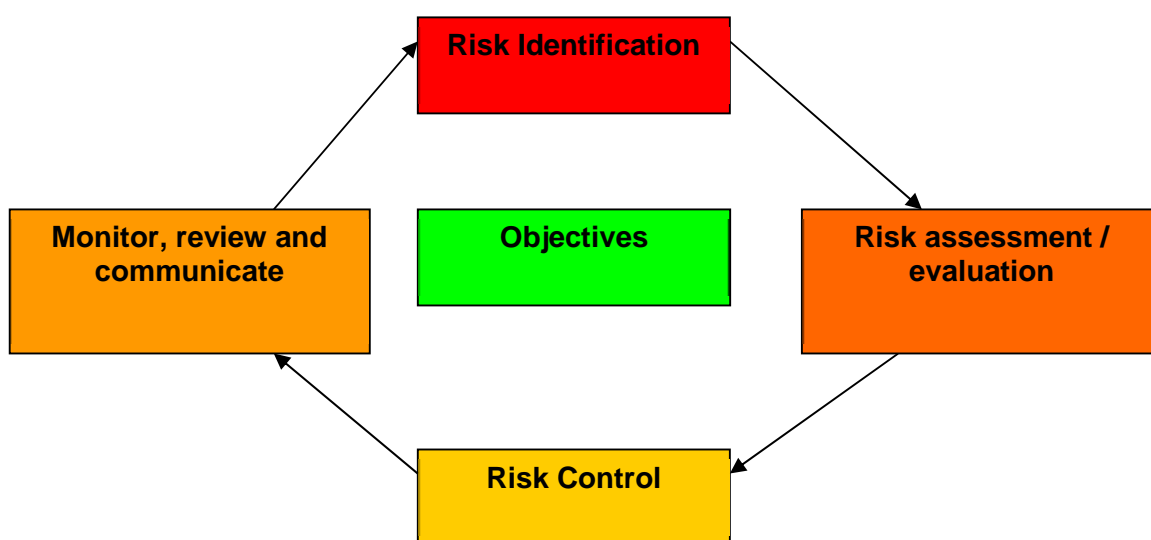
The strategic risk champion and other nominated risk champions have responsibilities including the support, challenge and recording of risks within their directorates or service areas. They will assist in the compiling of risk

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.

<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 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.</p>	<table border="1"> <tr> <td rowspan="3" style="writing-mode: vertical-rl; transform: rotate(180deg);">L I K E L I H O O D</td> <td>HIGH</td> <td>Amber C</td> <td>Amber D</td> <td>RED E</td> </tr> <tr> <td>MEDIUM</td> <td>Green B</td> <td>Amber C</td> <td>Amber D</td> </tr> <tr> <td>LOW</td> <td>Green A</td> <td>Green B</td> <td>Amber C</td> </tr> <tr> <td></td> <td></td> <td>Low</td> <td>Medium</td> <td>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																				
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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 2025
Approved by:	Audit & Standards Committee
Next review due:	April 2026
Version:	16.1
Changes:	See below
Previous version:	15.1

Changes	March 2025	1. None
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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.

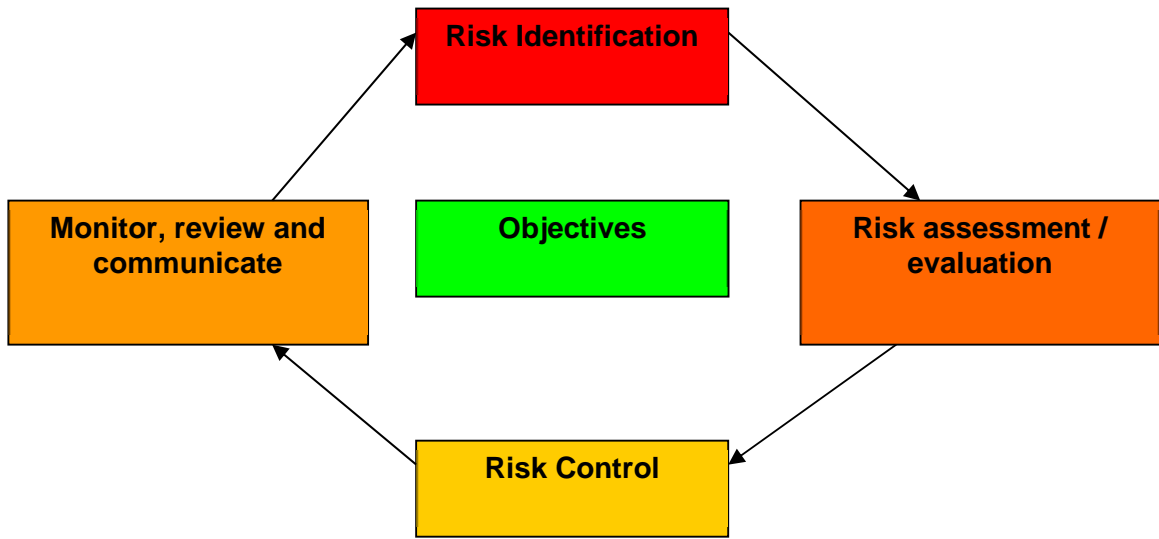
	<ul style="list-style-type: none"> • Ensures that the council manages its risks effectively through the development and monitoring of its risk management strategy.
<p>Service Director – Legal & Governance - Chair of Information Governance Group (IGG)</p>	<ul style="list-style-type: none"> • Ensures that 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 – <u>S</u>pecific, <u>M</u>easurable, <u>A</u>greed, <u>R</u>ealistic, <u>T</u>ime-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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APPENDIX B(i)

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				

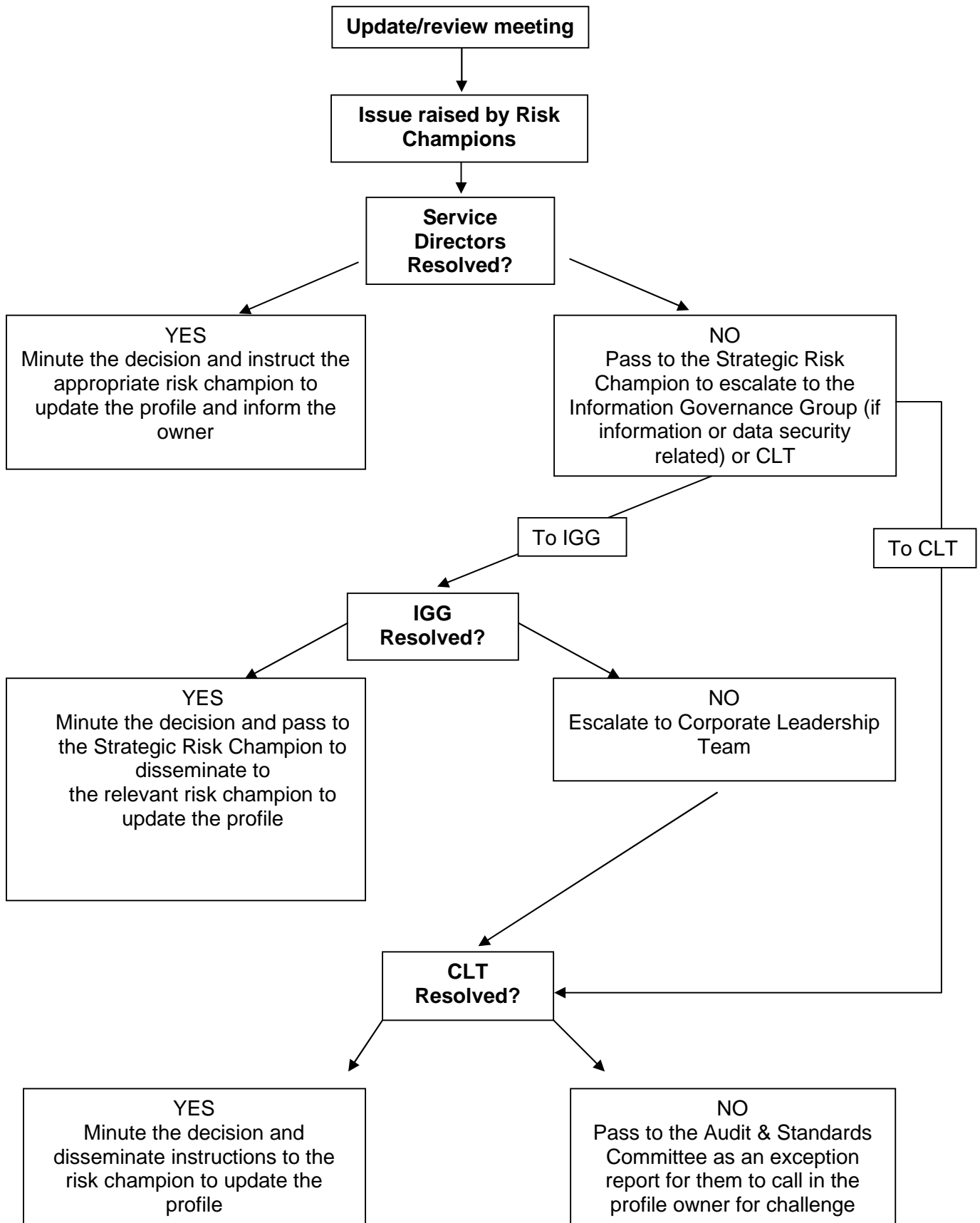
ACTION CATEGORIES**APPENDIX B(iii)**

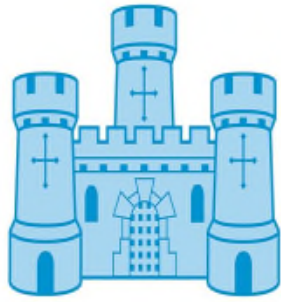
Action	Description
Tolerate	This action is appropriate when you judge that the control measures in place are sufficient to keep the risk at a tolerable level and there is no added value to doing more.
Treat	Some risks will need additional treatment to reduce their likelihood and/or impact to an acceptable 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 1 34	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

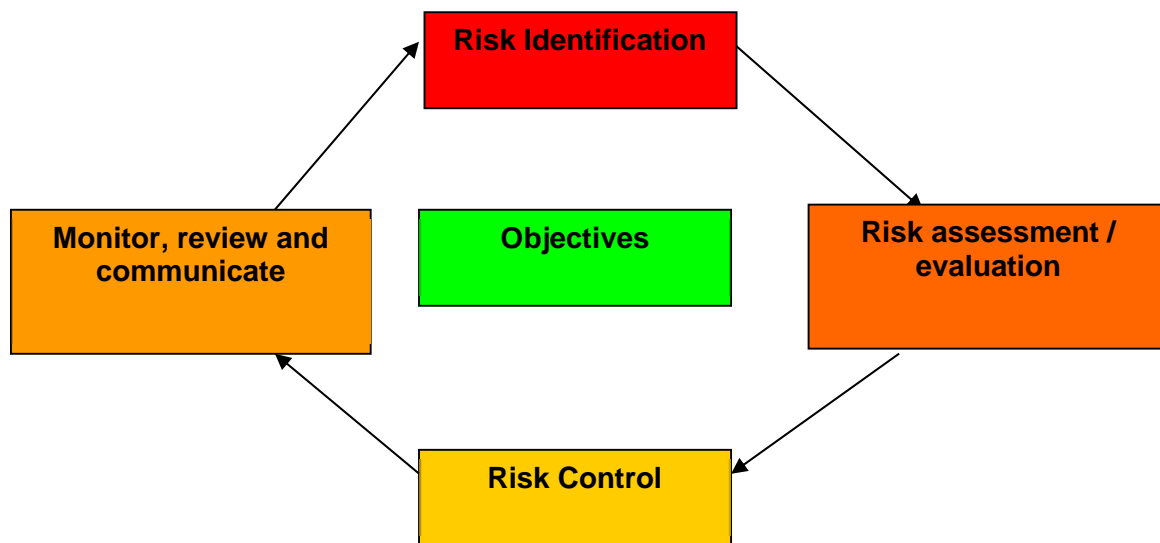
BOROUGH COUNCIL

A QUICK GUIDE TO THE COUNCIL'S
RISK MANAGEMENT PROCESS

Classification: NULBC **UNCLASSIFIED**

Review date:	April 2025
Version:	16.1
Reviewed by:	Audit & Standards Committee
Next review date:	April 2026
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))

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.

LIKELIHOOD 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 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.	HIGH	Amber C	Amber D	RED E
	MEDIUM	Green B	Amber C	Amber D
	LOW	Green A	Green B	Amber C
			Low	Medium
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.

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)	√	√	√	√

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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Legal implications	Statutory body, partner or enforcement agency	Member and/or CLT	Service Directors (where appropriate)

ALWAYS TAKE THE WORST CASE SCENARIO AS YOUR IMPACT LEVEL

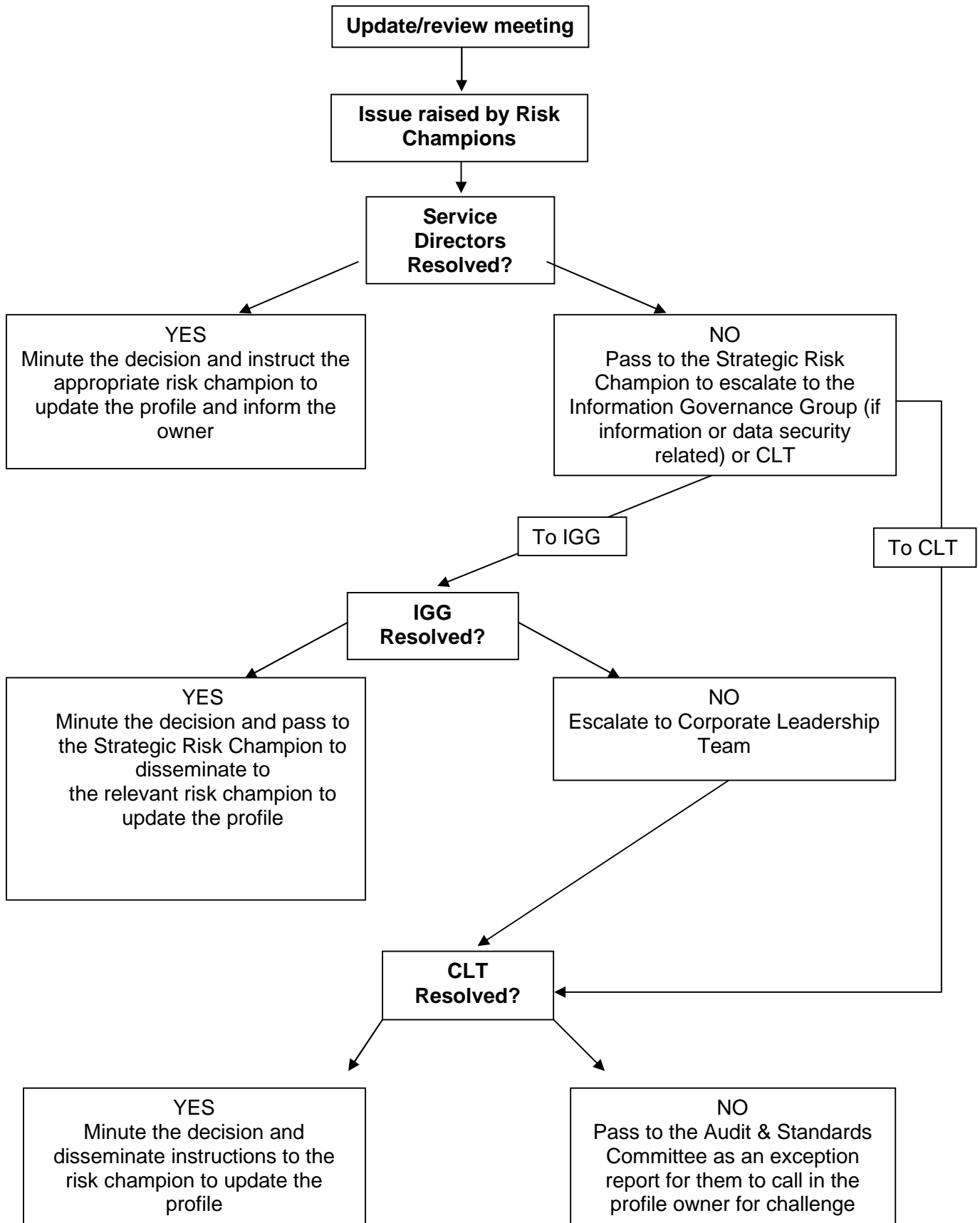
Likelihood Measures

	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				

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

Final Risk Rating	Risk Action	Management Action required	Review/Reporting required
Red E	Treat Terminate Transfer Tolerate	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. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	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. 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.
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Green B	Treat Tolerate	Whilst this level of risk is generally acceptable, management should consider whether this risk could be reduced in terms of either likelihood or impact. Escalation of issues to go to CLT or IGG (via risk champion) and Audit & Standards Committee if no resolution found.	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. If wider support is required to control this risk, it could be escalated to CLT/IGG. 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.
Green A	Tolerate	The risk is as low as it can go	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.



NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO**

**Audit and Standards Committee
7 April 2025**

Report Title: National Fraud Initiative

Submitted by: Chief Internal Auditor

Portfolios: All

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
To provide the Audit Committee with background information regarding the Council's participation in the National Fraud Initiative.	
<u>Recommendation</u>	
That Committee:	
1. To note the participation in the National Fraud initiative and preliminary matches	
<u>Reasons</u>	
The Council takes part in the National Fraud Initiative, a data matching exercise, which is run every two years. This report provides a brief background to the exercise and a high-level summary of matches that have been released for review by the Council.	

1. Background

1.1 The NFI is a data matching exercise, designed to help participating bodies to detect and deter fraudulent and erroneous payments. It began in 1996 and is run every two years. It compares information held by and between approximately 1,200 organisations including Councils, police forces, NHS establishments and private companies. The core of the NFI is the matching of data to help reduce levels of housing benefit fraud, occupational pension fraud and tenancy fraud. The most recently completed exercise (2022) resulted in the detection (nationally) of £520 million of fraud and error across the UK, bringing a total to date over two decades of £2.59 billion.

1.2 Currently, the NFI data matching exercise involves Newcastle-under-Lyme Borough Council (the 'Council') submitting the following data sets to the Cabinet Office for matching against relevant data from other participating organisations, including the Department for Work and Pensions (the 'DWP'):

- Creditors & creditor payments;
- Council Tax Reduction Scheme
- Housing Benefit Claimants (provided directly by DWP)
- Taxi Drivers

1.3 Uploaded data sets are analysed for potential discrepancies, such as duplication, or inconsistencies between data sets. In December 2024, participating organisations were issued with reports of findings, or “matches” than can be considered for further investigation during 2025/26.

2. Issues

2.1 The Creditors data covered a period of 5 years to September 2024, with other data sets containing records as they stood as of 30 September 2024

2.2 Summary of matches received

Report title	Total matches	Comments
Housing Benefit Claimants to Housing Benefit Claimants	3	To identify an individual that is claiming housing benefit from one or more local authority simultaneously.
Housing Benefit Claimants to Housing Tenants	3	To identify possible cases of housing benefit fraud and/or tenancy fraud where an individual appears to be resident at two different addresses.
Housing Benefit Claimants to Taxi Drivers	6	To identify cases where housing benefit claimants may have failed to declare income that may remove entitlement to benefit or reduce benefit payable.
Housing Benefit Claimants to DWP Deceased	10	The purpose of the match is to identify instances where the claimant has passed away, but the payment of benefit may have continued after the date of death.
Housing Benefit Claimants to Waiting List	5	To identify possible cases of housing benefit fraud where an individual appears to be resident at two different addresses as the address on the housing benefit system differs from the one they have declared on their waiting list application.
Housing Benefit Claimants to Council Tax Reduction Scheme	1	To identify an individual that is claiming housing benefit and council tax reduction from one or more local authorities simultaneously.
Duplicate creditors by creditor name	2	To identify instances where the same supplier has been set up with more than one reference number on the system thus increasing the potential for creditors to obscure fraudulent activity.
Duplicate creditors by address detail	7	To identify multiple creditors operating at the same address. These may represent simple errors, where the same creditor may have been set up twice using a slightly different spelling, for example LIMITED and LTD, or an attempt to obscure fraudulent activity.
Duplicate creditors by bank account number	1	This output shows where the same bank account details appear on more than one record. Of particular interest is where the same bank details are shown against suppliers with different names. These may indicate where a supplier has changed trading name but the standing data has not been updated to reflect this or there are links between companies with different trading names.
Duplicate records by reference, amount and creditor reference	15	This match highlights possible duplicate payments in excess of £500 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
Duplicate records by amount and creditor reference	144	This match highlights possible duplicate payments in excess of £1,000 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
VAT overpaid	1	This report identifies instances where VAT may have been overpaid. This is based on the information provided within the NFI invoice history data submission and the output includes the level

		and scale of overpaid VAT. The VAT amount is compared to a calculated maximum VAT of 20%, the maximum VAT rate in the payment period covered by the NFI exercise.
Duplicate records by invoice number and amount but different creditor reference and name	1	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	1	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
Total	200	

Proposed Approach

2.3 In liaison with Council employees, we will agree a suitable approach to processing the above reports. This will take into consideration:

- Other exercises that have been carried out recently, such as the outsourced review of single person discount claimants.
- Where there is a significant volume of matches, review will be prioritised to focus first on matches that are either higher risk or higher value. Once the highest priority matches have been reviewed, consideration will be given to the value of completing 100% reviews.

3. Recommendation

3.1 Note the Council's participation in the NFI 2024/25.

4. Reasons

4.1 This report is for information only. Updates on progress in reviewing the NFI matches will be provided at future Audit and Standards Committee as appropriate.

5. Options Considered

5.1 None.

6. Legal and Statutory Implications

6.1 Participation in the NFI is mandatory for local government organisations.

7. Equality Impact Assessment

7.1 There are no direct implications arising from this report.

8. Financial and Resource Implications

8.1 Days for facilitating the review of matches, and reporting progress and findings are included within the Internal Audit work plan.

8.2 The NFI is hosted by the Cabinet Office, and the Council will incur a cost of £2,690.

9. Major Risks & Mitigation

9.1 Participation in the NFI provides an opportunity to prevent, detect and deter fraud.

10. UN Sustainable Development Goals (UNSDG)

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. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

We will make investment to diversify our income and think entrepreneurially.

One Digital Council

We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

One Green Council

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

12. Key Decision Information

12.1 Not Applicable.

13. Earlier Cabinet/Committee Resolutions

13.1 None.

14. List of Appendices

14.1 Not Applicable

15. Background Papers

15.1 None

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO**

07 April 2025

Report Title: Counter Fraud Arrangements 2025-26

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 no major changes to the policies that were brought before the committee last year, the changes made are in respect of contact details.
- 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 commenced 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 £945 per annum plus £0.26 pence per employee, which based on 500 employees makes the total subscription, cost £1,075 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. **One Council**

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

We will make investment to diversify our income and think entrepreneurially.

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One Green Council

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

12. **Key Decision Information**

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

13. **Earlier Cabinet/Committee Resolutions**

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

14. **List of Appendices**

14.1 Anti-Fraud and Anti-Corruption Framework

14.2 Fraud Response Plan

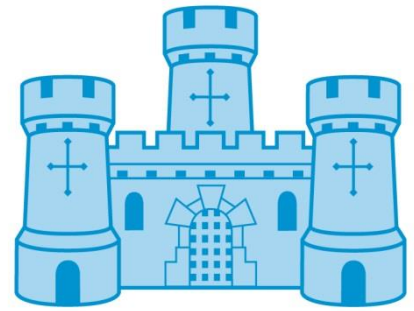
14.3 Whistleblowing Policy

14.4 Anti-Money Laundering Policy

14.5 Anti-Money Laundering Staff Guidance

15. **Background Papers**

15.1 CIPFA – Managing the Risk of Fraud and Corruption



**NEWCASTLE
UNDER LYME**
BOROUGH COUNCIL

Anti-Fraud & Anti-Corruption Framework 2025-26

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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.

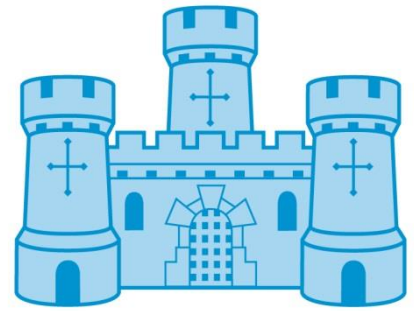
These principles apply to all aspects of public life. The Nolan Committee set them out for the benefit of all who serve the public in any way.

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 2025-26

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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.

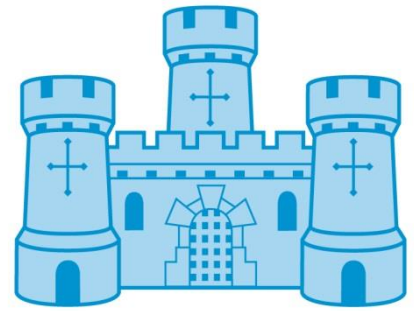
7.2 Some cases will be covered by the Council's Fidelity Guarantee insurance. If the case is going to court, the Council can seek a compensation order.

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 2025-26

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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:

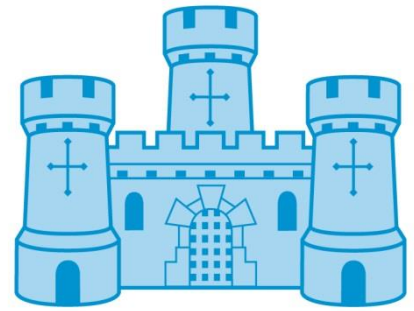
Name

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 2025-26

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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:

PO Box 8000

London

SE11 5EN

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.

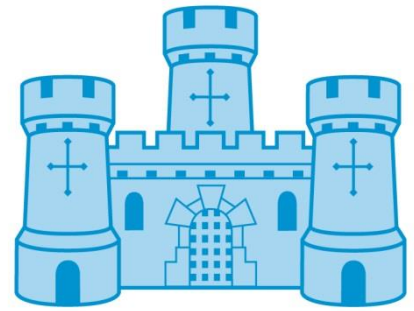
The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. They must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion.

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.



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Anti-Money Laundering Staff Guidance 2025-26

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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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AUDIT & STANDARDS COMMITTEE



Work Programme 2024/25

Chair

Cllr P. Waring

Vice-Chair

Cllr G. Burnett-Faulkner

Members

Cllrs M. Holland, J. Whieldon, M. Stubbs,
R. Lewis and P. Reece

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
07/04/2025	<ul style="list-style-type: none"> • Internal Audit Charter 2025/26 • Internal Audit Plan 2025/26 • Corporate Fraud Arrangements 2025/26 • Risk Management Policy & Strategy 2025/26 • External Audit Plan 2024/25 - KPMG • National Fraud Initiative Report 	
27/05/2025	<ul style="list-style-type: none"> • Proposed Accounting Policies 2024/25 • Draft Statement of Accounts 2024/25 • Annual Governance Statement 2024/25 	
14/07/2025	<ul style="list-style-type: none"> • Annual Internal Audit Report and Opinion 2023/24 • Treasury Management Annual Report 2023/24 • Q4 Corporate Risk Management Report 2023/24 	
29/09/2025	<ul style="list-style-type: none"> • Q1 Corporate Risk Management Report 2025/26 • Q1 Internal Audit Progress Report 2025/26 • Health and Safety Report 2024/25 • Audited Statement of Accounts 2024/25 	
10/11/2025	<ul style="list-style-type: none"> • Treasury Management Half Yearly Report 2025/26 • Q2 Corporate Risk Management Report 2025/26 • Q2 Internal Audit progress Report 2025/26 	
02/02/2026	<ul style="list-style-type: none"> • Q3 Corporate Risk Management Report 2024/25 • Q3 Internal Audit Progress Report 2024/25 • External Audit Findings Report 2023/24 	

DATE OF MEETING	ITEM	NOTES
27/04/2026	<ul style="list-style-type: none"> • Internal Audit Charter 2026/27 • Internal Audit Plan 2026/27 • Corporate Fraud Arrangements 2026/27 • Risk Management Policy & Strategy 2026/27 • External Audit Plan 2025/26 - KPMG 	
26/05/2026	<ul style="list-style-type: none"> • Proposed Accounting Policies 2025/26 • Draft Statement of Accounts 2025/26 • Annual Governance Statement 2025/26 • Q4 Finance and Performance Report 2025/26 	

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 	

	<ul style="list-style-type: none"> • 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 • Q3 Internal Audit Progress Report 2023/24 • Procurement of Internal Audit Service 2024/25 • Grant Thornton – Value for Money Audit Report 2022/23 	
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"> • External Audit Report 2022-23 • Accounting Policies 2023-24 • Annual Governance Statement 2023-24 • Statements of Accounts 2023-24 	
15/07/2024	<ul style="list-style-type: none"> • Treasury Management Annual Report 2023/24 • Q4 Corporate Risk Management Report 2023/24 	

	<ul style="list-style-type: none"> • 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 2024/25 • Health and Safety 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 	
03/02/2025	<ul style="list-style-type: none"> • Q3 Corporate Risk Management Report 2024/25 • Q3 Internal Audit Progress Report 2024/25 • External Audit Findings Report 2023/24 	

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