



12 July 2023

AUDIT AND ETHICS COMMITTEE – 20 JULY 2023

A meeting of Audit and Ethics Committee will be held at 6pm on Thursday 20 July 2023 in Committee Room 1 at the Town Hall, Rugby.

Mannie Ketley
Chief Executive

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes.

To confirm the minutes of the meeting held on 29 June 2023.

2. Apologies.

To receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of:

(a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council's Code of Conduct for Councillors;
and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Councillors are reminded that they should declare the existence and nature of their non-pecuniary interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest the Councillor must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Councillor does not need to declare this interest unless the Councillor chooses to speak on a matter relating to their membership. If the Councillor does not wish to speak on the matter, the Councillor may still vote on the matter without making a declaration.

4. Annual Report of Internal Audit.
5. Annual Governance Statement.
6. Risk Management Strategy and Strategic Risk Register.
7. Internal Audit Progress Update.
8. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972.

To consider passing the following resolution:

“Under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the ground that they involve the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.”

PART 2 – EXEMPT INFORMATION

1. Limited Assurance Internal Audit Report.
2. Internal Audit Investigation Report.
3. Whistle Blowing Incidents – Standing Item – to receive any updates.
4. Fraud and Corruption Issues – Standing Item – to receive any updates.

Any additional papers for this meeting can be accessed via the website.

The Reports of Officers are attached.

Membership of the Committee: Mr P Dudfield (Chair), Mr J Eves (Vice-Chair), Councillors Mrs Roberts, Roberts, Roodhouse and Slinger

Named Substitutes: Councillors Mrs A'Barrow, Mrs Hassell, Moran and one vacancy

If you have any general queries with regard to this agenda please contact Veronika Beckova, Democratic Services Officer (01788 533591 or e-mail veronika.beckova@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

AGENDA MANAGEMENT SHEET

Report Title: Annual Report of Internal Audit

Name of Committee: Audit and Ethics Committee

Date of Meeting: 20 July 2023

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: None

Prior Consultation: Chief Officer - Finance and Performance

Contact Officer: Chris Green, Corporate Assurance Manager and Transformation Lead, chris.green@rugby.gov.uk

Public or Private: Public

Report Subject to Call-In: No

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

(C) Climate
(E) Economy
(HC) Health and Communities
(O) Organisation

Summary: The report sets out the Corporate Assurance Manager's annual opinion of the overall adequacy and effectiveness of the Council's internal control environment, with an appended summary of the audit work undertaken to formulate the opinion.

Financial Implications: None

Risk Management/Health and Safety Implications:	No direct implications. This report forms part of the evidence that supports the Council's Annual Governance Statement and provides assurance over the adequacy and effectiveness of the Council's internal controls to manage its key risks.
Environmental Implications:	None
Legal Implications:	No direct implications
Equality and Diversity:	No implications
Options:	None
Recommendation:	The report be considered and noted.
Reasons for Recommendation:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 20 July 2023

Annual Report of Internal Audit

Public Report of the Chief Officer - Finance and Performance

Recommendation

The report be considered and noted.

1. Introduction

1.1 The Accounts and Audit Regulations and the Public Sector Internal Audit Standards (the Standards) require the Corporate Assurance Manager (CAM) to provide an annual Internal Audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The Standards also specify that the report must contain:

- an internal audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
- a summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- a statement on the extent of conformance with the Standards including progress against the improvement plan resulting from any external assessments.

2. Report Details

Opinion on the Overall Adequacy and Effectiveness of the Council's Control Environment

2.1 It is the responsibility of the CAM to provide the annual Internal Audit opinion and to detail the basis for this opinion. Based upon the work undertaken by Internal Audit during 2022/23, the CAM's overall opinion is that **Substantial Assurance** can be given that there is an adequate and effective governance, risk and control framework in place, designed to meet the organisation's objectives. Whilst some elements of the control environment require attention, agreed actions have been put in place to address those issues and responsible managers have agreed reasonable timetables for their implementation. The progress made by management in implementing the agreed actions has been generally sound.

2.2 **Appendix A** to this report provides a copy of the Internal Audit Annual Report which includes the CAM's opinion on the control framework for 2022/23 and the basis for this opinion.

Effectiveness of Internal Audit

- 2.3 The Annual Report also includes an overview of the performance of the Internal Audit service against its key performance measures and ways in which it has added value to the Council during 2022/23.

Compliance with the Public Sector Internal Audit Standards

- 2.4 The Internal Audit service, in the opinion of the Corporate Assurance and Improvement Manager, is operating in general conformance to the Standards. Further details are contained within the Annual Report, the Quality Assurance and Improvement Plan (**Appendix B**) and the independent External Quality Assessment (**Appendix D**).

Statement of Organisational Independence and Objectivity

- 2.5 If independence or objectivity is impaired in fact or appearance, the CAM is required to disclose this. The CAM can confirm that the internal audit service is independent and objective, and this is currently demonstrated in a number of ways:
- The CAM reports directly to the Chief Officer for Finance and Performance (s151 officer) and the Audit and Ethics Committee, and has unfettered access to the Chief Executive, and Chair of the Audit and Ethics Committee.
 - Any attempts to unduly influence the scope of audit reviews or the contents of reports will be reported by the CAM to the Chief Executive and the Chair of the Audit and Ethics Committee.
 - All officers responsible for internal audit work are required to complete an annual Register of Interests declaration form, which is in turn reviewed by their line manager. In the case of the CAM, the annual declaration of interests is reviewed by the Chief Officer for Finance and Performance. Auditors are required to report any interests that might compromise the impartiality of their professional judgements – or give rise to a perception that this impartiality has been compromised. Any conflicts of interest are avoided when allocating assignments.
 - The Audit and Ethics Committee approves any significant consultancy activity included in the Audit Plan.

Further details are set out in the Audit Charter, which was approved by the Audit and Ethics Committee in December 2021.

- 2.6 As previously reported to the Committee, the role and responsibilities of the CAM extend beyond internal auditing. There would be an actual or perceived impairment to independence and objectivity were the CAM to undertake internal audit reviews of areas for which he is operationally responsible for. Specific safeguards have been established in order to avoid any actual or perceived impairment to independence and objectivity; these safeguards have been reported to, considered and approved separately by the Committee. They are also set out in the Audit Charter.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 20 July 2023

Subject Matter: Annual Report of Internal Audit

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



APPENDIX A

ANNUAL REPORT OF INTERNAL AUDIT

2022/23

Date: July 2023

Annual Report of Internal Audit 2022/23

1. BACKGROUND

- 1.1 The Public Sector Internal Audit Standards (the Standards) require the Corporate Assurance Manager to provide an annual Internal Audit opinion and report that can be used by the organisation to inform its governance statement.
- 1.2 The Standards specify that the annual report must contain:
- An Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
 - A summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
 - A statement of the extent of conformance with the Standards including progress against the improvement plan arising from any external assessments.

2. INTERNAL AUDIT OPINION 2022/23

- 2.1 Based upon the work undertaken by Internal Audit during the year, along with knowledge of the organisation gained from planning conversations, management discussions and risk management processes, the Corporate Assurance Manager's overall opinion on the Council's system of internal control is that:

Substantial Assurance can be given that there is an adequate and effective governance, risk and control framework in place, designed to meet the organisation's objectives.

Of the 16 graded assignments undertaken for 2022/23, 14 (88%) resulted in an opinion of either High or Substantial Assurance, and 2 (12%) resulted in an opinion of Limited Assurance.

The progress made by management in implementing the actions arising from audits has been good. 67% of agreed actions arising from audits were implemented within the agreed timescale and a further 31% were implemented late, resulting in an overall implementation rate of 98%. This is comparable with the outturn of 97% for previous year, and represents good performance. There were 4 agreed actions which were overdue as at 31st March 2023, compared with 6 as at 31st March 2022. None of the overdue actions were graded as High or Medium risk. A total of 61 agreed actions have been implemented by the Council during 2022/23 as a result of internal audit work, an increase of 27% compared with last year.

No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

- 2.2 It is pleasing to report that despite the resourcing challenges experienced during 2022/23, the Corporate Assurance team has been able to deliver an annual internal audit plan in accordance with the requirements of the Public Sector Internal Audit Standards. The basis for the annual opinion is derived from an assessment of the range of individual opinions arising from assignments within the agreed internal audit plan that have been undertaken throughout the year. This assessment has taken account of the relative materiality of these areas and management’s progress in respect of addressing any control weaknesses.
- 2.3 The overall opinion on the effectiveness of the Council’s risk management arrangements is based upon the results of the independent external review, which provided Substantial assurance, and in addition the overall results of internal audit testing of controls designed to manage risk.
- 2.4 A summary of Audit assurance opinions is shown in Table 1 below:

Table 1 – Summary of Audit Opinions 2022/23

<u>Assurance Area</u>	<u>High</u>	<u>Substantial</u>	<u>Limited</u>	<u>No</u>
Financial	0	3	0	0
IT	0	1	0	0
Counter Fraud*	0	1	1	0
Governance & Ethics	1	3	1	0
Strategic & Operational Risks	1	4	0	0
Total	2	12	2	0
Summary	12%	76%	12%	0%

* In relation to Counter Fraud, in addition to the subject specific reviews carried out, fraud risks are evaluated and tested on a sample basis as standard practice for all audits.

3. REVIEW OF AUDIT COVERAGE

3.1 The Auditor's Opinion for each assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean:

Table 2 – Assurance Categories

Assurance Level	Design of Control Framework	Operation of Controls
HIGH	There is a robust framework of controls making it likely that corporate/ service objectives will be delivered.	Controls are operated continuously and consistently, with only infrequent minor lapses.
SUBSTANTIAL	The control framework includes generally sound key controls that promote the delivery of corporate/ service objectives.	Controls are applied, although some lapses and/ or inconsistencies were identified.
LIMITED	There is an absence of key controls, with an increased risk that corporate/ service objectives will not be achieved.	There have been significant and extensive breakdowns in the operation of key controls.
NO	There is an absence of basic controls resulting in inability to deliver corporate/ service objectives.	The fundamental controls are not being operated or complied with.

The Auditor's Opinion of the level of risk exposure is based on an assessment of the level of the likelihood of corporate/ service objectives not being achieved, and an assessment of the impact of any failure to achieve objectives. The assessments are conducted in line with the Council's Strategic and Operational Risk Matrix. In order that risks may be prioritised according to their severity, the Council operates a traffic light system. Risks are scored within one of the following levels:

Risk Rating	Risk Score	Prioritisation of Action
HIGH	8 – 16	Immediate Attention
MEDIUM	4 – 6	Moderate Risk, Mitigation Action Required
LOW	1 – 3	Regular Review

3.2 Summary of Audit Work

Table 3 details the assurance levels resulting from all audits undertaken in 2022/23 and the assessment of the levels of risk exposure:

Table 3 – Details of Audit Opinions Issued in 2022/23

Audit Area	Assurance Opinion	Risk Exposure Opinion
Finance		
Procurement & Contract Management	Substantial	Medium
Growth Hub Grants – Post Payment Assurance	Substantial	Medium
NNDR	Substantial	Medium
IT		
Systems Resilience	Substantial	Medium
Counter Fraud		
Right to Buy	Substantial	Medium
Corporate Credit Card	Limited	Medium
Governance & Ethics		
Annual Governance Statement	Substantial	Not Applicable
Impact Assessments	High	Low
Data Protection & Records Management	Limited	Medium
Counter Fraud Framework	Substantial	Medium
Risk Management Framework	Substantial	Low
Strategic & Operational Risks		
Licensing	Substantial	Low
Workforce Training	Substantial	Medium
S106 Agreements	High	Low
Food Safety	Substantial	Medium
Follow up of Recommendations	Substantial	Medium

Outlined at pages 12 to 22 is a short summary of the findings of each of the audits completed. It should be noted that many of these findings have previously been reported as part of the defined cycle of progress update reports provided to the Audit & Ethics Committee.

3.3 Implementation of Internal Audit Recommendations

Internal Audit follows up on progress against all recommendations arising from completed assignments to ensure they have been appropriately implemented in a timely manner. Updates are provided to the Audit & Ethics Committee during the course of the year. Details of the outstanding audit recommendations are provided in Table 4 below:

Summary: Outstanding Audit Recommendations as at March 2023

Audit	Not yet due	Overdue	Within time	Extended time	Out of time	Cancelled	Total Recs
Absence Management	1	0	4	3	0	0	8
Creditors	1	0	3	0	3	0	7
Cash & Bank	1	0	7	4	2	0	14
Housing Rent Arrears	0	1	0	0	7	2	10
Local Government Transparency Code Follow Up	1	1	1	0	0	0	3
Equal Pay & Single Status	3	0	2	2	1	0	8
Payment Card Industry Data Security Standards (PCI DSS)	1	0	5	3	0	0	9
Treasury Management	0	2	3	0	7	0	12
Trade Waste	12	0	1	0	0	0	13
Housing Rent Arrears	8	0	2	0	1	0	11
Council Tax	1	0	1	0	3	0	5
ICT Service Desk	3	0	0	0	0	0	3

Audit	Not yet due	Overdue	Within time	Extended time	Out of time	Cancelled	Total Recs
Budget Setting & Control	1	0	3	0	1	0	5
Workforce Development	10	0	1	0	0	0	11
Licensing	8	0	0	0	0	0	8
Procurement & Contract Management	2	0	3	0	1	0	6
Totals	53	4	36	12	26	2	133

Notes:

Extended time: This is where the Corporate Assurance Manager & Transformation Lead had agreed an extension to the original timescale.

Out of time: This is where the action was implemented later than the agreed timescale.

4. HOW HAS INTERNAL AUDIT ADDED VALUE?

- 4.1 It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to management and members via its programme of work and also offers support, advice and insight to assist the Council in new areas of work or to proactively review and improve the control framework.
- 4.2 Beyond delivery of the core assurance assignments, the service added value in a number of additional areas during 2022/23. Examples are set out in Table 5 below:

Table 5 – Internal Audit Contribution

Area of Activity	Benefit to the Council
Support towards the Council's Counter fraud activity in the following areas: <ul style="list-style-type: none"> • Provision of awareness training to a cohort of managers as part of 'The Way We Manage' programme. • Review and update of the Anti-Fraud Bribery & Corruption Strategy (due to be approved in June 2023), and an independent external review of the Council's Counter Fraud framework. • Completion of two corporate investigations, with support from other managers as required. • Provision of assurance work in relation to NDR, Growth Hub grants, Procurement/ Contract Management, Right to Buy, and Corporate Credit Cards, 	Greater strategic and procedural clarity, leading to a more consistent and coherent organisational approach to tackling the risks of fraud, bribery and corruption.
Risk Management – co-ordination and support to the Strategic Risk Management Group including preparation of updated strategic risk registers and action plans for each pillar of the new corporate strategy, working with the Leadership Team.	Implementation of best practice in relation to risk management, leading to more successful outcomes.
Provision of training to a cohort of new managers as part of the 'Way We Manage' course, on the subjects of internal audit, risk management, and systems thinking.	Greater awareness of the work of the Corporate Assurance service and of managers' responsibilities in relation to governance and control.

Area of Activity	Benefit to the Council
<p>A review to document and evaluate the efficiency and effectiveness of business process operated by Bereavement Services, covering the following areas:</p> <ul style="list-style-type: none"> • Telephone call answering & monitoring • Cremation, burial and internment • Memorials • Safety checks • Invoice processing • Performance management 	<p>Delivery of the action plan will make the service more efficient and effective.</p>
<p>Evaluation of the efficiency and effectiveness of financial processes and workflows currently undertaken by officers in the IT & Digital Services Team, and Customer Service Centre. Identification of any areas of inefficiency or duplication of controls.</p> <p>The review also considered processes which could be automated or streamlined. It was a high-level evaluation of how the different processes work together, rather than a granular review looking at individual steps in each process.</p>	<p>Delivery of the action plan will improve the organisation's efficiency and effectiveness.</p>
<p>A review of the Council's void processes, to understand the root causes behind an increase in the end to end time and identify steps which could be taken to improve performance.</p>	<p>Implementation of the action plan will reduce the voids end to end time, which in turn will improve outcomes for customers in need of accommodation and reduce the costs to the organisation arising from properties being empty.</p>
<p>A total of 61 agreed actions have been implemented by management following completion of internal audit work. Furthermore, the internal audit service has, where appropriate, recommended actions to reduce or eliminate wasteful or inefficient processes.</p>	<p>Reduction in exposure to risk and improved organisational efficiency and effectiveness.</p>

5. HOW WELL IS INTERNAL AUDIT PERFORMING?

- 5.1 Internal Audit maintains a number of agreed performance measures to enable ongoing monitoring by the Leadership Team and the Audit & Ethics Committee. Outturns against these indicators for the year ended 31st March 2023 are set out in Table 6 below:

Table 6 – Internal Audit Performance Indicators

<u>Theme</u>	<u>Title of Performance Indicator</u>	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>
Delivery	Average end to end time for audits (number of days)	86 days	87 days	88 days	110 days
Adding Value	Customer Satisfaction – Average Rating 3 = Good 2 = Satisfactory 1 = Poor	2.80 See para. 5.3 below	See para. 5.2 below	3.00	2.88
Timeliness	Timeliness of Reporting – Average time taken to issue draft reports following fieldwork completion	5.5 days	6.0 days	8.3 days	4.5 days
Effectiveness	Implementation of Agreed Actions by Officers – Percentage implemented within agreed timescale	67%	75%	74%	76%

- 5.2 For 2021/22, owing to there being an inadequate number of responses to customer surveys issued following completion of audits during the year, an annual survey was issued to all members of the Corporate Management Forum. Overall, on a scale of 1 to 5 (1 being poor and 5 being excellent), the average score for the service based on the 16 responses received was 4.56.
- 5.3 In addition to the customer satisfaction data shown above, in April 2023 the External Quality Assessor issued a satisfaction survey to 13 key service stakeholders. The response rate was 73% and the feedback was 98% positive and 2% negative.

6. COMPLIANCE WITH PROFESSIONAL STANDARDS

- 6.1 The Public Sector Internal Audit Standards (the Standards) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.
- 6.2 The objectives of the Standards are to:
- Define the nature of internal auditing within the public sector;
 - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
 - Establish the basis for evaluation of internal audit performance and to drive improvement planning.
- 6.3 An external quality assessment of the internal audit service was completed in April 2023 and the full report is set out at **Appendix B**. The assessment shows that the service is operating in “general conformance with the Standards”, the highest of the three possible grades. Whilst the results of the assessment were positive and the Council compared very well against its peers, further actions are planned to enhance the quality of the service further. These are set out in the updated Quality Assurance and Improvement Programme.
- 6.4 The Corporate Assurance and Improvement Manager can confirm that the requirements of the Quality Assurance and Improvement Programme have been met for 2022/23. The updated Quality Assurance and Improvement Programme can be found at **Appendix C**.

7. SUMMARY OF AUDIT FINDINGS

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
Procurement & Contract Management	Substantial	Medium	<p>The objectives of this audit were to provide assurance around:</p> <ul style="list-style-type: none"> • Compliance with Council Contract Standing Orders and legislation. • Achievement of value for money through the procurement process. • Completion of procurement processes in a timely manner. • The effectiveness of contract management. • Processes to manage the risk of procurement related fraud, bribery and corruption. <p>The audit found design of the framework of control to be broadly sound. However, there were some weaknesses in compliance as follows:</p> <ul style="list-style-type: none"> • Contract management meetings were not consistently documented. • Quotes were not consistently retained as evidence where required. • There was scope to improve compliance with the 'No PO No Pay' policy. • There was scope to further enhance management monitoring controls in relation to off contract expenditure with new suppliers.
Growth Hub Grants – Post Payment Assurance	Substantial	Medium	<p>The audit was designed to provide assurance that the Additional Restrictions Grants (ARG) administered on behalf of the Council have been used for the purposes intended, in line with the terms and conditions of the scheme, and that appropriate documentary evidence is retained by the third party in accordance with prescribed retention periods. The audit found the Growth Hub had thorough processes in place to review each grant application and was able to provide documentation to evidence that the various checks were undertaken.</p>

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
Growth Hub Grants – Post Payment Assurance (continued)			Sample testing confirmed that the funds are being utilised for the stated purpose. Two businesses had legitimate reasons for not having spent their grant funds to date. Five businesses did not provide all of the information requested during the course of the audit; the Lead Auditor is continuing to work to obtain the outstanding information and any issues identified will be escalated to the Chief Officer Finance & Performance.
Non Domestic Rates (NDR)	Substantial	Medium	<p>The purpose of this audit was to provide assurance that appropriately designed controls are in place to ensure accuracy and completeness of billing, authorisation of reliefs, refunds and write offs, system access, maximisation of collection and accuracy and completeness of accounting records.</p> <p>The audit confirmed there is a long-established system of controls in place that provides assurance of the processes and procedures that relate to NDR. Reconciliations are carried out on a regular basis to ensure that the systems balance, although confirmation is needed regarding who completes the Opening Debit Reconciliation each year. There are also robust controls in place around refunds and write-offs, however, improvements to document retention in respect of write off authorisation were identified.</p>
Systems Resilience	Substantial	Medium	<p>The objective of the audit was to provide assurance that there are appropriate arrangements in place to ensure that the Council's network and systems are resilient and can be restored in a prioritised and timely manner, and that there are appropriate arrangements to prevent loss of data.</p> <p>Systems Resilience involves the preparation and maintenance of an IT Disaster Recovery (DR) plan, annual testing to ensure that recovery plans are adequate and effective, clear communication of the Council's requirements for system recovery and ensuring that all server hardware is afforded both physical and</p>

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
Systems Resilience (continued)			<p>environmental protection. In addition, assurances should be obtained that all 3rd party Cloud Hosting providers offer evidence of annual IT Disaster Recovery tests.</p> <p>The review confirmed that IT hardware was sited in a secure IT server room at Rugby Town Hall. To provide fallback protection, a Disaster Recovery facility has been established through Crown Commercial Services at their data centre in Farnborough.</p> <p>Although successful recoveries had taken place previously, thus providing some assurance about the restore capability, there is a lack of documented IT Disaster Recovery plans and procedures. It was also identified that there are no annual tests undertaken of Disaster Recovery arrangements, including a process to ensure that cloud hosted suppliers provide evidence that they are undertaking DR tests.</p>
Right to Buy	Substantial	Medium	<p>The objective of the audit was to provide assurance that the Right to Buy (RTB) Scheme operating within the Council complies with legislation and Council policies. A focus of the review has been to ensure that property transactions are at the correct prices based upon market rates, that the Council has appropriate procedures to prevent fraudulent abuse of the Right to Buy scheme (for example through identity checks), that tenancy length conditions have been met, and that management are operating appropriate monitoring controls.</p> <p>The review also provides assurance that the Council is using the monies realised from sales in line with the recently amended legislation relating to the purchasing of homes and that properties resold within five years are identified to enable the</p>

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
			<p>reclaiming of Right to Buy discounts. This audit was included as part of the 2022/23 Audit Plan.</p> <p>The review has confirmed that, overall, arrangements in place within the operation of the Right to Buy Scheme are effective. However, whilst the Scheme is advertised on the website and recently featured in the tenant newsletter, the Council has not formally informed tenants of their right to buy in line with the requirements to do so every 5 years.</p>
Corporate Credit Card	Limited	Medium	<p>The objective of the audit was to provide assurance that corporate credit card expenditure transactions are appropriate, are in line with the objectives of the Council and represent reasonable value for money. Assessment has been made via desktop analytical review and sample testing of expenditure across all card holders and service areas. This has been further informed by a high-level review of corporate credit card transaction request, review and authorisation procedures.</p> <p>Corporate credit card purchases can be made using either a physical credit card or through EPay, a Lloyds virtual system implemented by the Council during 2018/19. Transaction listings for 1st April 2022 to 31st January 2023 identify total transaction volumes for physical payment cards and EPay to be 544 and 353 transactions respectively.</p> <p>A previous audit review of corporate credit card (physical card) expenditure was undertaken in 2018. This awarded a Limited Assurance opinion. The current audit, which has reviewed and sample tested EPay and physical payment card transactions throughout the 10 months from April 2022 to January 2023, has not highlighted any instances of potentially fraudulent or inappropriate expenditure.</p>

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
Corporate Credit Card (continued)			<p>However, whilst the implementation of EPay has resulted in some strengthening of procedures since 2018, a number of issues still remain relating to the efficiency and effectiveness of the controls designed to minimise the risks of fraud, and that ensure expenditure represents value for money. In particular:</p> <ul style="list-style-type: none"> • There is no corporate policy or dedicated instructions in place to guide officers on the use of corporate credit cards and when expenditure by credit card may be appropriate over traditional procurement/invoice methods. • Physical card and EPay transaction monitoring procedures are not sufficiently robust. Overall, insufficient information/records are being provided to Finance (or are available centrally) to enable meaningful independent scrutiny, oversight and challenge. As such, there remains a risk that fraud might not be identified. • Physical credit card transactions are not always authorised (or evidenced as such) prior to expenditure taking place; in such instances the control adds minimal value and does not mitigate the risk of fraud.
Annual Governance Statement	Substantial	Not Applicable	The overall governance framework provides a substantial level of assurance of effectiveness, although a number of further development areas have been highlighted. Delivery of the Action Plan will be monitored during 2022/23.
Impact Assessments	High	Low	<p>The review of Impact Assessments was to provide assurance that there are appropriate arrangements in place to ensure that Council, Cabinet and Committee reports contain accurate and appropriate impact assessments for:</p> <ul style="list-style-type: none"> • Equality and diversity, • Climate change and environmental issues; and • Risk Management.

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
Impact Assessments (continued)			<p>It was established that there is an effective control framework in place with guidance on drafting Committee Reports and guidance on the production of impact assessments and the associated assessment templates.</p> <p>Testing confirmed that impact assessments were supported by detailed assessment where appropriate and that the reported impacts were valid and sufficiently supported by the underpinning details. Where appropriate impact assessments are included as an appendix within the agenda papers to the Council or Cabinet reports.</p>
Data Protection & Records Management	Limited	Medium	<p>The objective of this review was to provide assurance that the Council's Data Protection procedures as they relate to records management are operating adequately and effectively.</p> <p>The audit has been undertaken in order to provide assurance on the level of compliance in place with respect to the physical records that are being processed. Such records include incoming mail, internal reporting that is generated in physical form and stored, physical media such as CDs, DVDs, USB storage devices, etc. Records stored on corporate networks and systems were also in scope.</p> <p>It was found during the audit that there is a lack of documented policies and procedures defining Council requirements for key aspects of data protection including Data Classification, Data Retention and Data Disposal. Though Record of Processing Activities (ROPA) spreadsheets have been created to document requirements around the handling and processing of Council data there is no regular review process in place, meaning that in some cases these have not been reviewed and updated in several years.</p>

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
Data Protection & Records Management (continued)			A service Management Team is in place, which will be allocated the responsibility of ensuring that appropriate information governance is in place throughout the Council. This should help ensure improved oversight of information governance risks and controls across the organisation and improve the overall control environment.
Counter Fraud Framework	Substantial	Medium	<p>The objective of the audit was to provide assurance that the Council's anti-fraud, bribery and corruption framework is fit for purpose and has been effectively implemented. The current framework has been in place for over 5 years and the Public Sector Internal Audit Standards require audit coverage in this area.</p> <p>Whilst proactive counter fraud work has been undertaken in recent years, the Council has identified the need for the framework to be independently reviewed to provide assurance around current arrangements. This audit was, therefore, included as part of the 2022/23 Audit Plan.</p> <p>The review confirmed that, overall, effective counter fraud arrangements are in place. Some updates in policies and the reintroduction of some processes (lapsed during the Covid pandemic) are required to strengthen current arrangements. A revised Strategy is being submitted to the Audit & Ethics Committee in June 2023 and further action will be taken to raise employee awareness and promote reporting of concerns in 2023/24.</p>
Risk Management Framework	Substantial	Low	The objective of this review was to provide assurance that there are appropriate arrangements in place to ensure the Council has an effective Risk Management framework and that through this framework risks are managed, mitigated and monitored.

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
Risk Management Framework (continued)			<p>The Council has a defined Risk Management framework in place, and this is documented within the Risk Management Strategy dated June 2022. The Strategy includes details of the Council's risk appetite.</p> <p>Testing confirmed that the Risk Management framework as documented is working as intended and therefore there is effective management, mitigation and monitoring of risks. The strategic Risk Register is aligned to the four corporate objectives and underpinned by Operational Risk Registers. Further work on operational risk registers is planned with a focus on compliance monitoring and ensuring services actively manage their operational risks.</p>
Follow up of Recommendations	Substantial	Medium	<p>The progress made by management in implementing the actions arising from audits has been good. 67% of agreed actions arising from audits were implemented within the agreed timescale and a further 31% were implemented late, resulting in an overall implementation rate of 98%. There were 4 agreed actions which were overdue as at 31st March 2023, all of which were assessed as Low risk. A corporate target of 75% implementation of actions by the agreed date has been set for 2023/24.</p>
Licensing	Substantial	Low	<p>The objective of this review was to provide assurance that there are appropriate arrangements in place to ensure licenses issued are in accordance with legislation and Council policies, with the correct fees being collected from license holders.</p> <p>The review and associated testing confirmed that Rugby Council has an effective licensing control framework in place and that controls are operating as designed. The recommendations seek to ensure compliance through a more proactive enforcement regime (through visits to businesses and premises where licenses have not been renewed). The migration user acceptance testing (UAT)</p>

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
Licensing (continued)			recommended will ensure that the new Cx system will allow only fully completed and compliant licence applications to be submitted alongside the appropriate fees. The UAT should also ensure that appropriate guidance and warnings are highlighted to licence applicants where an application needs to have errors corrected so it can be successfully submitted.
Workforce Training	Substantial	Medium	<p>This audit was designed to provide assurance that staff are being developed and trained in line with the corporate framework. Including a review of how learning outcomes are reinforced across the organisation.</p> <p>Overall feedback on the courses currently ran by the Council was positive. Mini refresher courses for Manager training should be considered. There were some lapses in monitoring health and safety refresher training which are being addressed.</p> <p>Documentation relating to learning is out of date and requires updating including the HR Strategy, the Learning and Development Policy and the Learning and Development Strategy. It was also found that course feedback was not being utilised or forwarded to the course trainer.</p>
S106 Agreements	High	Low	<p>The objective of this review was to provide assurance that there are appropriate arrangements in place to ensure that Section 106 agreement funding is spent on time, and as detailed in the agreements.</p> <p>It was established that there is an effective control framework in place to monitor and control Section 106 agreements and that funds received are held as restricted reserves on the Council's balance sheet.</p>

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
S106 Agreements (continued)			<p>Testing confirmed that Section 106 agreements are signed by all interested parties and:</p> <ul style="list-style-type: none"> • included within planning documents, • are for the application to which they relate, and • are on the planning portal section of the Council's website. <p>It was also verified that the funds received have the specifics of their use recorded in both monitoring and financial records, thereby ensuring their use in accordance with the Section 106 agreement conditions prescribed.</p>
Food Safety	Substantial	Medium	<p>The assignment was designed to provide assurance that inspection regimes are being delivered efficiently and effectively to protect the public, and that schedules are designed so that the new requirements implemented by the Food Standards Agency (FSA) are met.</p> <p>For the 2022/23 year, a post Covid recovery schedule was prescribed by the FSA which focused initially on the premises which had previously been rated lowest against the Food Hygiene standard or were new registrations considered higher risk. The audit confirmed that the Council's recovery plan was drawn up and executed in accordance with the FSAs instructions, which is testament to the team, given the loss of one inspector for the majority of the year.</p> <p>A new plan has been drawn up for the 2023/24 year which reflects the return to 'business as usual' from the FSA. This plan sees the return to the Service Manager allocating inspections to each officer and the use of an external contractor to support until the team are fully resourced again. A new Civica CX</p>

Audit Area	Assurance Opinion	Risk Exposure Opinion	Summary of Key Findings
Food Safety (continued)			<p>system is being implemented shortly which will help automate some of the manual processes in Flare.</p> <p>Sample checking of inspection paperwork and periodic accompanied visits with inspectors to monitor ongoing competency will be re-instated in accordance with the agreed action plan.</p>

Limitations and Responsibilities

Limitations inherent to the Internal Auditor's work

Internal Audit is undertaking a programme of work agreed by the council's senior managers and approved by the Audit & Ethics Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments, or were not brought to the attention of Internal Audit. As a consequence, the Audit & Ethics Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others management overriding controls, and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

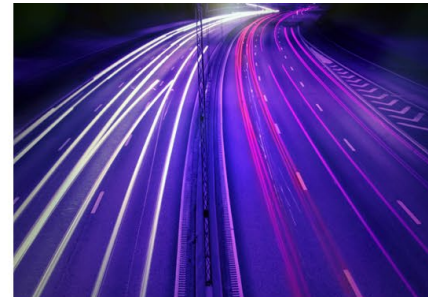
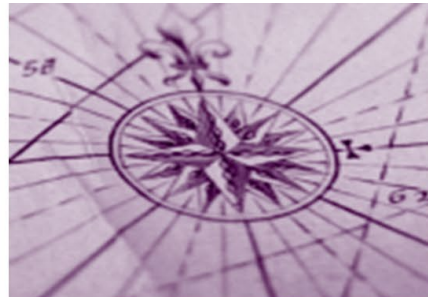
Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected, additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.



External Quality Assessment

Internal Audit Services

Executive report – March 2023



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External Quality Assessment

Rugby Borough Council

**BUSINESS
RISK
SOLUTIONS**

Opinion: Rugby Borough Council internal audit service is delivering to a standard that **generally conforms** with the Public Sector Internal Audit Standards.



Key matters arising from the review:

- Increasing integration of the use by internal audit of risk-based techniques with the risk appetite of the Council particularly in terms of planning at a strategic and engagement level would be mutually beneficial,
- Developing a clear alignment through working papers for each assignment to focus on agreed management objectives, significant risks and relevant key controls that will support the content of the assurance provided in the final audit report would enhance the focus of engagements.
- Consideration should be given to the revision of the basis for expressing internal audit recommendations and opinions in line with risk impact definitions recognised by the Council within the Risk Management Policy and Risk Toolkit.

Good Practice identified during the review

- An Internal Audit Charter setting out the role and responsibilities of Internal Audit within the Borough Council guides delivery and establishes the basis of the Head of Internal Audit's Annual Opinion.
- The service has developed a documented internal audit methodology and supporting templates that delivers a consistent service. Some consolidation of the templates might improve transparency and efficiency.
- Self-assessment identifies areas in which future development will be beneficial and is based upon the development of job descriptions, performance appraisals, the establishment of a training matrix and client feedback.
- Routine reporting includes reflection on the direction of travel regarding the assurance opinion and clearly informs clients and the Audit and Ethics Committee regarding risks and further mitigating actions and therefore progress regarding completion of the internal audit plan and the follow up of recommendations.
- Agreed internal audit recommendations are monitored via the Councils Performance Management system ((RPMS)
- Customer satisfaction surveys provide consistent feedback regarding performance which informs individual PDR's and QAIP processes.

Executive summary

Rugby Borough Council (RBC) internal audit services are delivered by an in-house team of three staff and supported by external contract support as and when required.

Services are managed by Chris Green, Corporate Assurance Manager, who assumes the role of Chief Audit Executive (CAE) for the purposes of this review. The position also has responsibility for risk management, oversight of procurement and counter fraud services.

The service has responded to the changes of focus in professional standards by continuing to develop a risk based approach with regard to planning and the completion of assignment work; the Internal Audit Manual has been updated (July 2022) along with the Internal Audit Charter in March 2022 to reflect the requirements of the Public Sector Internal Audit Standards (PSIAS) and better align its methodology with sector practice. It is intended to undertake a further review of both documents following completion of the External Quality Assessment.

From an internal audit perspective, considerable advantage remains to be gained from recognition of the Council's Risk Management processes and the effectiveness with which they operate. The degree to which those key controls which have already been identified by management reduce significant risk to an acceptable level (risk appetite) and the progress that has been made in identifying sources of assurance to demonstrate application are identified, represents a platform against which internal audit can provide an assurance opinion in relation to risk, governance and control. Increasing alignment at strategic and operational levels will enable internal audit plans and assignments to focus on the value of 'Control Risk' and thereby increasingly focus attention on 'significance' as required by the PSIAS. Developing and communicating a clear understanding of significant risk as a result will provide assurance regarding the likely achievement of Management Objectives. Continuing to develop this thread will enhance both the efficiency and effectiveness of internal audit and its ability to communicate to the benefit to the Council.

Consequently, with a constantly changing risk environment, particularly as the service responds to the changing needs of RBC; there is a need and opportunity for the internal audit service to continue to enhance delivery through acting as a catalyst to ensure that robust risk management systems are operational, increasing its awareness of the assessment of risk and as a consequence informing its own approach. This will help ensure that internal audit focuses on the most appropriate areas and can demonstrate that it continues to provide a service that effectively contributes towards the achievement of the Council stated objectives, through the provision of independent assurance.

Current services are assessed to '**generally conform**' with the PSIAS standards. A series of specific recommendations are made in the report that follows to reflect building on the existing strengths in relation to resources, competency and delivery in order to enhance future services.

Basis for overall opinion




Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

Partially Conforms means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual *Standard* or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.

Does Not Conform means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual *Standard* or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board. Often, the most difficult evaluation is the distinction between general and partial. It is a judgment call keeping in mind the definition of general conformance above. Carefully read the *Standard* to determine if basic conformance exists. The existence of opportunities for improvement, better alternatives, or other successful practices do not reduce a generally conforms rating.

Source: Institute of Internal Auditors (2016)

Overall assessment

1	RESOURCES		Excelling – Processes in this area are embedded within every-day practices and mostly reflect best practice that is consistent with PSIAS expectations.
2	COMPETENCY		Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where a more consistent approach and further development would be beneficial.
3	DELIVERY		Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where further development is desirable.

Summary of good practice identified within EQA

Standard	Good practice identified	Observation
1000	An Internal Audit Charter (IAC) has been established and agreed with management and the Audit and Ethics Committee (AEC).	The IAC and the Internal Audit Manual is comprehensive and establishes an appropriate framework against which internal audit services can be delivered in accordance with the PSIAS.
1100	Independence and objectivity	A process is in place regarding the identification and management of potential conflicts and/or declarations of interest.
1311	The service has conducted internal assessment exercises regarding its performance.	Performance review is embedded within quality control procedures and supported by a staff appraisals process which identifies and supports performance development needs. Further quality assurance is undertaken in the form of a Quality Assurance Improvement Programme (QAIP) which has highlighted areas where the team feel development would be beneficial.
2020	Active engagement at Member and management level	Represents the establishment of a good understanding of key issues through routine interaction with RBC, including Members.
2040	A detailed internal audit manual is in place which aligns with the PSIAS.	Provides for a consistent methodology, within the service which is delivered through a series of templates.
2060	Reports are produced using a standard template which is consistently applied. Customer feedback is requested.	Demonstration of a consistent approach to communication which is well received by management and the AEC – effective follow-up ensures issues are not lost. Significant issues being included in the RBC Performance Monitoring Systems (RPMS)
2300	Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.	Effective supervision and review of progress ensures a consistent approach and delivery of the approved methodology.
2400	Internal auditors must communicate results of engagements.	The internal audit team routinely conducts exit meetings with regard to the findings emerging from engagements.
2420	Quality of communications	Reports appear to provide a good balance and are well received by clients.

Part one

The logo for Business Risk Solutions is a blue square with a white border. The text "BUSINESS" is at the top, "RISK" is in the middle in yellow, and "SOLUTIONS" is at the bottom. There are vertical bars on the left and right sides of the square.

**BUSINESS
RISK
SOLUTIONS**

Compliance with the Public Sector Internal Audit Standards

Business Vision and Mission, Governance arrangements, Recognition of standards, Charter, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

	Issue identified	Recommended action
1.	<p>Internal Audit Charter (IAC) The IAC contains detailed commentary regarding the recognition of the Audit Universe and the development of Audit Plans without directly linking the process to the delivery of an Annual Assurance Opinion on Governance, Risk Management and Control.</p>	<p>Review the wording of the development of the annual internal audit plan to reflect the objective being to support the Head of Internal Audits Annual Opinion.</p> <p style="text-align: right;">PSIAS 1000/2450</p>
2	<p>Quality Assurance Improvement Programme (QAIP) The IAC contains reference to the Quality Assurance Improvement Programme (QAIP) including review of performance against the Annual Plan.</p> <p>In practice, the team undertakes a wide range of other activities which also contribute to the development of the service including PDR's, training, client surveys and monitoring of key performance targets.</p> <p>A number of these activities are also already reflected in the Head of Internal Audit's Annual Report.</p>	<p>Consolidate all aspects of the quality assurance processes into a single QAIP policy and ensure that commentary in the Head of Internal Audit Annual Report confirms completion, reports on performance and reflects on further planned developments which will enhance the service.</p> <p>An example QAIP policy has been provided.</p> <p style="text-align: right;">PSIAS 1300</p>

	Issue identified	Recommended action
3.	<p>Independence The IAC contains significant commentary regarding how assurance in relation to the other areas for which the Corporate Assurance Manager is responsible will be provided.</p>	<p>Where these areas are included in the Annual Internal Audit Plan ensure that the Annual Report of the Head of Internal Audit confirms how assurance in this area has been provided.</p> <p>See also D2 in respect of risk management where the combination of a strategic review and the outcomes of engagement audits must be considered.</p> <p style="text-align: right;">PSIAS 1100/2450</p>
4.	<p>Job descriptions It appears that the job description for the Corporate Assurance Manager dated August 2021 remains in draft.</p>	<p>It would be beneficial to finalise the job description whilst also taking account of any requirements contained in the proposed revision of the Global Internal Audit Standards that are relevant.</p> <p style="text-align: right;">PSIAS 1100</p>

	Issue identified	Recommended action
1.	<p>Significant Risk</p> <p>A focus of the PSIAS is recognition of significant risk regarding which internal audit has developed its approach without directly aligning its methodology to that which the Council defines as significant – which is likely reflected in the definitions of Extreme and Major impact risks within the Risk Management Strategy.</p> <p>Greater reflection on determination of significant risks and relevant key controls could beneficially be included in any update of the Internal Audit Manual.</p>	<p>It would be beneficial to align future thinking regarding what the Council regards as significant risk in its risk management processes with both internal audit planning and when reporting as this would be beneficial when considering the content of internal audit annual and engagement plans, aligning scope with management objectives and providing assurance opinions.</p> <p>Alignment of the understanding of significance would promote a common understanding of ‘what matters most’ throughout the Council.</p> <p>Use of this approach would represent a firm basis for discussing recommendations and considering opinions through agreement of the potential impact. Final gradings would therefore reflect an agreement with management regarding likelihood.</p> <p style="text-align: right;">PSIAS 2201</p>
2.	<p>Audit Universe</p> <p>The current planning model reflects use of a ‘standard audit universe’ to which are applied a number of factors which may represent a judgement of risk from an internal audit perspective.</p> <p>Further development of this approach based upon the RBC view of risk would enhance internal audits’ ability to demonstrate a commitment to helping the Council achieve its objectives.</p>	<p>The continuing development of a comprehensive internal audit plan that reflects the significant risks that are recorded with the RBC risk management system, at both a strategic and operational level, represents an essential feature internal audit planning as it acts as a basis for both ensuring attention on significant risks on a priority basis as well as providing an indication of the resources required to provide continuous independent assurance.</p> <p>It would be beneficial therefore to increasingly align development of the internal audit planning system with the Councils risk management processes in order to ensure that resources were consistently focused on areas where assurance is required.</p> <p style="text-align: right;">PSIAS 2000/2010</p>

Issue identified

3 Internal Audit Risk Based Strategy

The internal audit strategic plan process contains details of the teams approach to recognising the risk level perceived to relate to an engagement. As referred to previously this may not align with the Councils view of risk.

Audit Engagement Reports contain an explanation of how the Internal Audit Team relate risk evaluation to grading of recommendations (design and operation of the control framework) and the overall opinion have been reached without scoring against the Council's risk appetite matrix.

Assurance Level	Design of Control Framework	Operation of Controls
HIGH	There is a robust framework of controls making it likely that corporate/ service objectives will be delivered.	Controls are operated continuously and consistently, with only infrequent minor lapses.
SUBSTANTIAL	The control framework includes generally sound key controls that promote the delivery of corporate/ service objectives.	Controls are applied, although some lapses and/ or inconsistencies were identified.
LIMITED	There is an absence of key controls, with an increased risk that corporate/ service objectives will not be achieved.	There have been significant and extensive breakdowns in the operation of key controls.
NO	There is an absence of basic controls resulting in inability to deliver corporate/ service objectives.	The fundamental controls are not being operated or complied with.

Recommended action

Definitions of the grading of risks and the basis for reaching overall opinions reflect could be beneficially aligned with RBC definitions.

IMPACT		
Extreme	= Financial loss over £250,000, total service loss for a significant period, fatality/disabling injury, adverse national media coverage, severe stakeholder concern, mass complaints	Score 4
Major	= Financial loss of between £75,000 and £250,000, major service disruption, major injury, regional media coverage, significant user complaints, significant stakeholder concern	Score 3
Moderate	= Financial loss of between £10,000 and £75,000, moderate service disruption, loss time injury, local media coverage, more service user complaints, stakeholder concern	Score 2
Minor	= Financial loss up to £10,000, short term inconvenience, minor injury, isolated user service complaints, minor local media coverage, minor stakeholder concerns	Score 1

Transparency could then be applied to the basis of assurance opinions using the established matrix below.

Risk Rating	Risk Score	Prioritisation of Action
HIGH	8 - 16	Immediate Attention
MEDIUM	4 - 6	Moderate Risk, Mitigation Action Required
LOW	1 - 3	Regular Review

Competency continued

Issue identified	Recommended action
<p>4. Internal Audit Engagement Planning</p> <p>Whilst internal audit planning is being increasingly based upon a risk model as required by the PSIAS, the process largely depends upon discussions with the management in pre-audit meetings and the maturity of the current risk management processes.</p> <p>The analysis informs a structure relating to Management Objectives, risks, and controls as a basis for testing.</p> <p>The degree to which the internal audit methodology then allows a focus on significance, as opposed to covering 'all risks' is determined by how risks are expressed.</p> <p>The ability of the internal audit team to target areas of greatest potential risk exposure may be better informed through increased recognition and definition of Management's Objective and the control environment established to move risk from an inherent to residual (current) level which is acceptable to the Council.</p> <p>This may be assessed in terms of 'Control Risk', however internal audit practices are largely focused on residual risk rather than inherent risk.</p> <p>Control risk being the difference in the value between inherent and residual risk values being therefore an assessment of the existing control environment.</p>	<p>Current Terms of Reference are based upon an Engagement Objective the focus of which is inconsistent. The PSIAS requires identification of Managements Objectives for the area under review and this would represent a more structured approach to the identification of 'Significant Risks'.</p> <p>Engagements should be increasingly constructed to reflect assessment of 'Control Risk' in relation to the achievement of Management Objectives in order to focus reviews upon:</p> <ul style="list-style-type: none"> • Those risks where the assessment is that the combined impact/likelihood score has decreased most and where if assumptions are incorrect critical business risk exposure may exist, • Risks where the value of 'Control Risk' is limited or zero and as a result suggesting the controls may be insufficient or ineffective, and • Key Controls (rather than a wider view of all controls which may have little impact on risk reduction or the achievement of business objectives). <p>By focusing on Management Objectives, significant risks and key controls there may be efficiencies to be gained within assignments through targeting resources to issues of greatest importance or concern.</p> <p style="text-align: right;">PSIAS 2010</p>

Competency continued

	Issue identified	Recommended action
5.	<p>Contract support</p> <p>The team has contracted for additional support in order to both manage issues relating to independence as well as undertake specialist and general audit work in support of internal resources. This provides assurance regarding the team's ability to complete the annual audit plan.</p> <p>The CAE is involved in the supervision of the contractors performance on development of the Terms of Reference for each engagement as well as at the reporting stage.</p>	<p>In order to demonstrate compliance with the PSIAS it would be beneficial to ensure that effective supervision of engagements exists with regard to both internal and external work.</p> <p>With regard to use of the external contractor this is best achieved by either:</p> <ul style="list-style-type: none">a) Where the contractor uses their own methodology and assumes the role of supervisor over that work – require the contractor to provide evidence that their service has been reviewed in conformance with the PSIAS by an independent contractor, orb) Where contract staff are engaged and supervised by RBC staff ensure routine supervision is conducted in accordance with the RBC methodology. <p style="text-align: right;">PSIAS 2040</p>

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

	Issue identified	Recommended action
1.	<p>Governance</p> <p>The standards require the CAE to provide an annual opinion regarding the effectiveness of governance arrangements, which is recognised within the IAC.</p> <p>Current planning includes various aspects of the governance process including Ethics, Conflicts of Interests and Members expenses.</p>	<p>In Local Government, each Council establishes a Code of Governance in accordance with CIPFA SOLACE – it would be beneficial to further map internal audit activity to the content of the Code in order to provide assurance at a level which contributes directly to the Annual Governance Statement through the Head of Internal Audit Annual Report.</p> <p>Extend the explanation regarding the internal auditors responsibility regarding assurance on Governance processes in the IAC to define how the opinion is derived in practice.</p> <p style="text-align: right;">PSIAS 2110</p>
2.	<p>Risk Management</p> <p>Internal Audit has reviewed risk management as an assignment in 2022/23 through use of an external contractor providing a ‘Substantial’ assurance opinion, which is consistent with the PSIAS and will support the opinion provided in the Annual Report.</p> <p>As explained in the IAC the opinion relating to risk management is achieved by consideration of both review of the process at a strategic level and supported by conclusions reached within individual engagements.</p>	<p>The standards require an annual opinion to be made in the Head of Internal Audit’s Annual Report regarding the adequacy and effectiveness of the Councils risk management processes.</p> <p>It would therefore be beneficial to support the opinion by adding further clarification in the IAC as to how in practice this is achieved through the combination of external and internal reviews, whilst also ensuring independence regarding the responsibilities of the Corporate Assurance Manager.</p> <p style="text-align: right;">PSIAS 2120</p>

	Issue identified	Recommended action
3.	<p>Grading of recommendations The current process reflects recognition of priority rather than perhaps a direct focus on Significant risk.</p>	<p>Consider increasing alignment of action with the risk appetite of the organisation by ensuring the overall opinion is based upon the highest level of risk based recommendation in a report. This would provide for:</p> <ul style="list-style-type: none"> - where a recommendation is graded red this would imply a limited assurance report - a high assurance opinion could only be achieved where low grade or no recommendations were made. <p style="text-align: right;">PSIAS 2400</p>
4.	<p>Annual Report The Annual Report currently states that the opinion regarding governance, risk management and control is based on the years work.</p> <p>This is not the case in practice as the Annual Plan is devised to provide continuous assurance regarding significant risk.</p>	<p>In practice the opinion is based upon a much broader knowledge of the client, gained through previous years programmes and that gained within and provided for within the internal planning cycle, including discussions with management and reference to risk management processes.</p> <p>It would be good practice to support the comprehensive assurance opinion in relation to risk management, governance and control with broader reference to significant risks and other sources of assurance that are available, including reference to those within the risk management process and any future assurance mapping objectives. In this form, the opinion would also better align with the required content of the Governance Statement.</p> <p style="text-align: right;">PSIAS 2450</p>

Part two



Suggested enhancements for consideration

Suggested Enhancements for consideration

	Issue identified	Recommended action
1.	<p>Internal Audit Manual</p> <p>The Internal Audit Manual represents a comprehensive analysis of the PSIAS and its relevance to RBC and the approved Internal Audit Charter.</p> <p>The methodology includes completion of a series of templates in order to evidence the process which has been followed during each engagement.</p>	<p>Consideration could be given to consolidating the various templates into a single document which demonstrates the essential features of the audit engagement at planning and approval, supervision and exit stages with clear alignment to recommendations and formal reporting.</p> <p>Further cross-reference to the Work Programme being the detail of the evaluation process would be required.</p> <p style="text-align: right;">PSIAS 2040</p>
2.	<p>Assurance Mapping</p> <p>Some progress has been made regarding the value of recognising other sources of assurance both internal and external to RBC.</p> <p>An analysis of assurance relating to strategic risk has been compiled in consultation with management although this does not contain details of the actual sources of assurance at first, second and third lines of defence.</p>	<p>Continuing to develop the direction of travel regarding formal identification and assessment of the first and second lines of defence within both risk management procedures and internal audit planning would enable greater alignment with the basis for the Annual Governance Statement.</p> <p style="text-align: right;">PSIAS 2050</p>

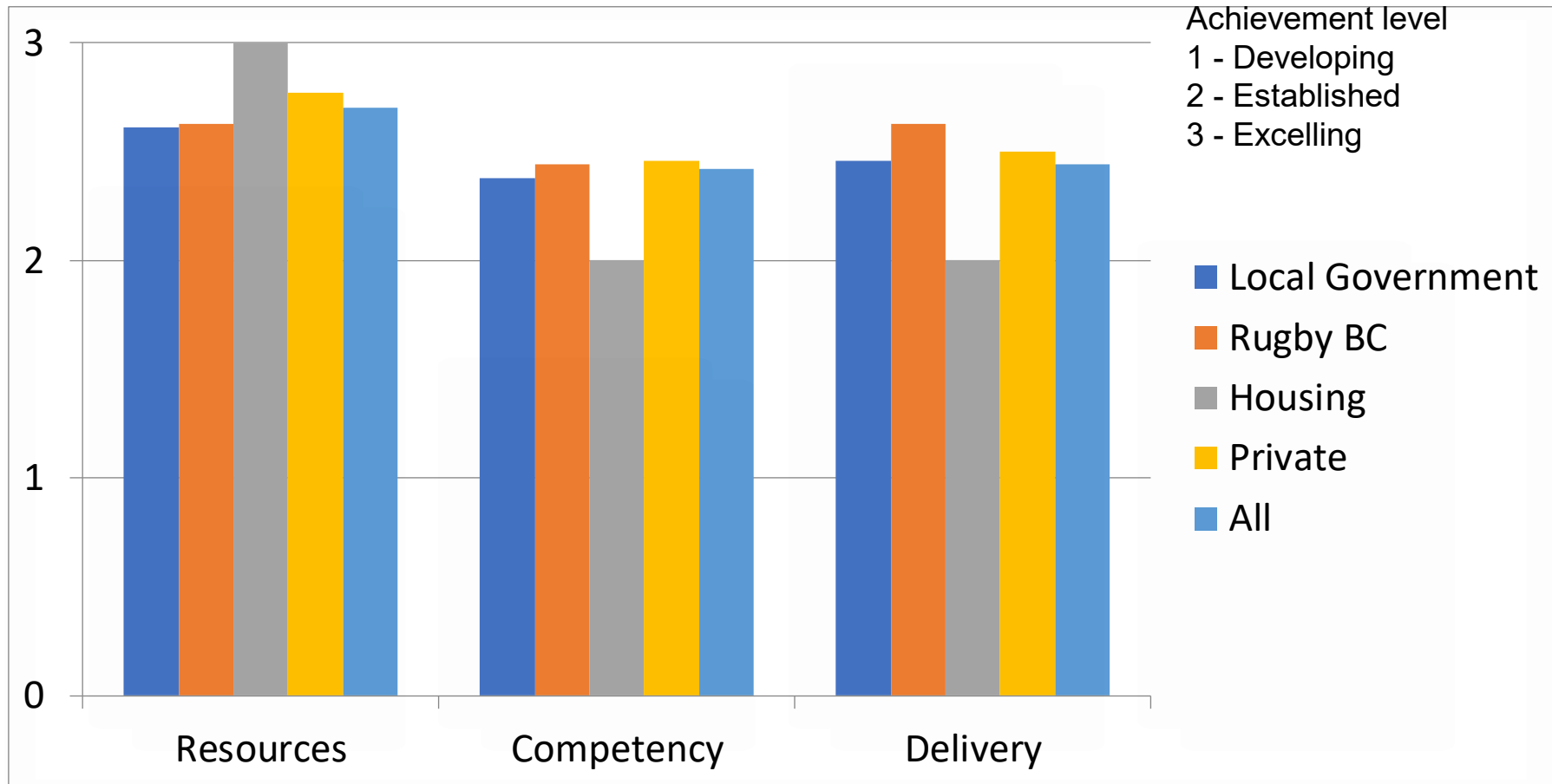
Suggested Enhancements for consideration

	Issue identified	Recommended action
3.	<p>Confidentiality and Limitation of Liability Current reporting regarding engagements and to the Governance and Standards Committee fails to recognise the sensitivity and confidentiality of the matters being raised.</p>	<p>The Internal Audit Team should consider the need to include appropriate confidentiality and limitation of liability clauses in reports this is particularly relevant regarding those which are shared with third parties directly or in published AEC papers.</p> <p>An appropriate statement may be: <i>“This report provides an opinion on the effectiveness of internal controls and may provide reasonable, but not absolute assurance. This report has been prepared solely for the managers listed above and as such should not to be circulated beyond those named above without the express permission of the report author. No liability is therefore offered to third parties receiving a copy of the report. All or part of this document may be released under Freedom of Information Act 2000”.</i></p> <p style="text-align: right;">PSIAS 2440</p>
4.	<p>Key Performance Indicators An indicator regarding ‘Average Days to complete an Audit’ is recorded as 87 days.</p> <p>Timeliness of reporting represents an essential feature of an effective service and how it is regarded by its clients. The RBC assessment may be complex because of the nature of the mix of delivery using an external contractor.</p>	<p>Consider undertaking an analysis of this indicator as the outcome being an average appears excessive. Key factors may be simply delays between planning and start of fieldwork and draft to final reports stages.</p> <p>Where possible eliminate issues that are beyond internal audit control.</p> <p style="text-align: right;">PSIAS 1320</p>

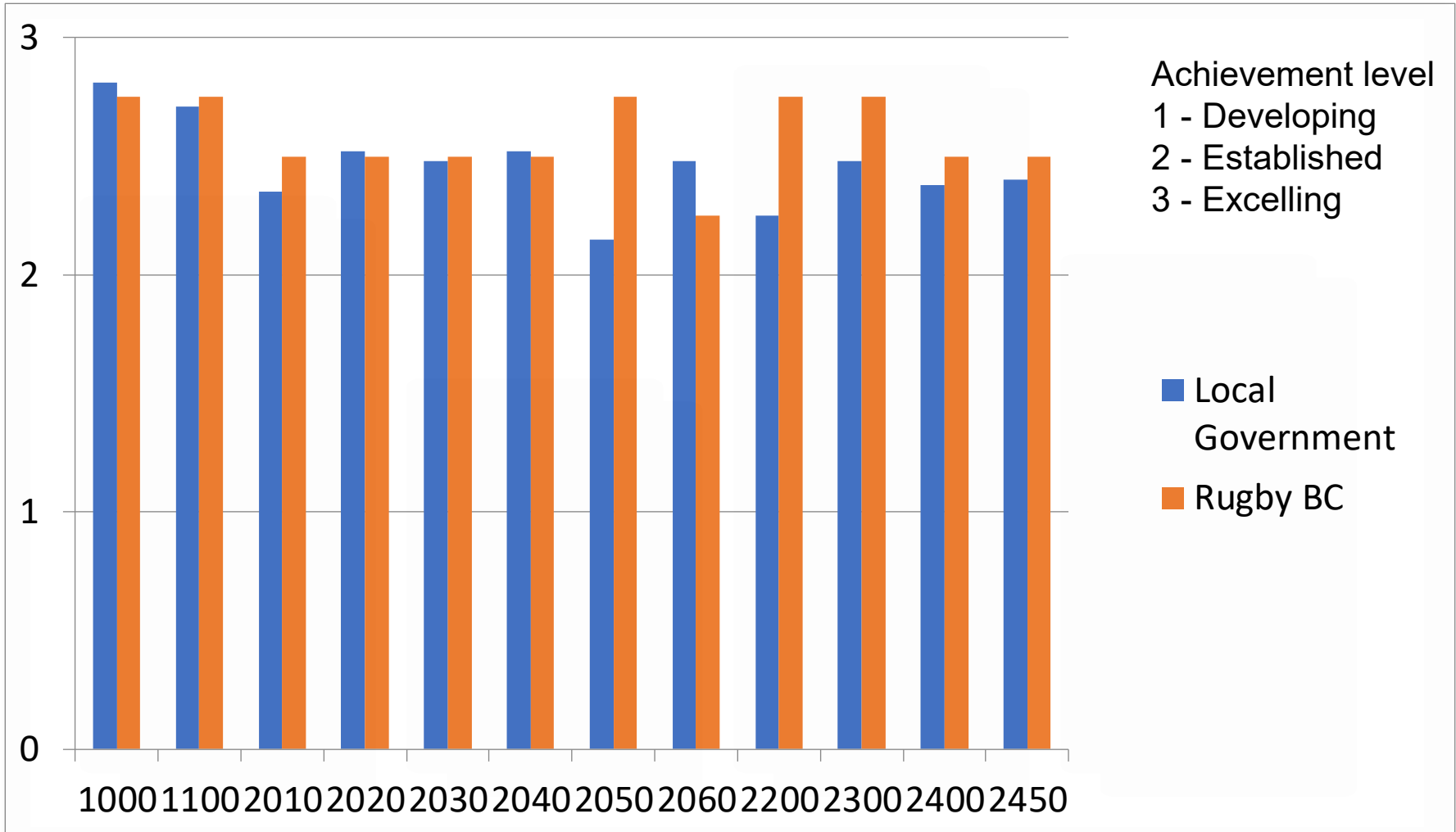
Part three



Benchmarking



Benchmarking - Industry analysis



Appendix

1. Summary of client feedback
2. Key IPPF/PSIAS standards assessed
3. Basis for EQA
4. Grading of recommendations

Summary stakeholder feedback

Question	Positive (%)	Negative (%)
I understand Internal Audit's role in the organisation and its purpose.	100	
Internal Audit is customer focused and understands what the organisation is trying to achieve.	100	
Internal Audit considers the viewpoints of the organisation when planning and undertaking reviews and aims to provide a good balance between assurance and good practice with opportunities for improvement.	100	
Internal audit has a presence in the organisation which is visible and approachable.	100	
The Internal Audit team provides a flexible and reliable service which adds value through the assurance audits and additional work it undertakes.	100	
Internal Audit makes you aware of any significant issues that occur during an audit on a timely basis and you have the opportunity to respond or provide additional information.	100	
Internal audit has the skills to provide appropriate assurance and advice to meet our needs?	100	
Good practice and ideas from other organisations are shared through audits, day to day contact, meetings or other engagement methods.	88	12
Average	98	2

Conclusion:

Feedback from stakeholders confirms that Rugby Borough Council is considered to provide a good quality internal audit service whose brief is clearly understood and the assurance and advice that is provided is well regarded.

Other relevant observations

Obtaining good practice is certainly an area where I think we can continue to enhance, however I also appreciate the reviews are based on our processes and procedures.

I believe that through working closely with the Audit team, improvements can be made to the service, as it is an independent person giving a different perspective

Professional service led by Chris, we have seen significant improvements in the service which I now believe is truly risk based.

The audit service has a good presence across the council and that manifests through work delivery and recommendation implementation

Still needs to improve but in truth is very good and the planned target setting might focus this a little more too.

We have gone through a period with a member of staff vacant and the new starter still needs time to bed into the role

Survey response

Issued	11	Returned	8	Response rate	73%	Above average
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Key PSIAS Standards assessed

(for benchmarking purposes)

Standard		Focus
1000	Purpose, Authority and Responsibility	The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> . The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.
1100	Independence and Objectivity	The internal audit activity must be independent, and internal auditors must be objective in performing their work.
2010	Planning	The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
2020	Communication and approval	The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.
2030	Resource Management	The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
2040	Policies	The chief audit executive must establish policies and procedures to guide the internal audit activity.
2050	Co-ordination	The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.
2060	Reporting	The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
2200	Engagement planning	Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.
2300	Work programme	Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.
2400	Communicating results	Internal auditors must communicate the results of engagements
2450	Overall opinions	When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

Basis for EQA

Compliance with IPPF/PSIAS

- **Resources**

Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

- **Competency**

Charter, Internal Audit Manual, Planning and Allocation of staffing, Recruitment (Numbers and skills), Training (Professional and Technical), Appraisal and Development

- **Delivery**

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

Grading of recommendations

- The grading of recommendations is intended to reflect the relative importance to the relevant standard within the Public Sector Internal Audit Standards (PSIAS).

Recommendation grading	Explanation
Enhance	The internal audit service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS standards in order to demonstrate a contribution to the achievement of the organisations' objectives in relation to risk management, governance and control.
Review	The Internal audit service should review its approach in this area to better reflect the application of the PSIAS.
Consider	The internal audit service should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services

- In grading our recommendations, we have considered the wider environment in terms of both the degree of transformation that is currently taking place as well as our assessment of the level of risk maturity that currently exists, as these will have a consequence for the conduct of internal audit planning as well as subsequent communication.



APPENDIX C

RUGBY BOROUGH COUNCIL

**INTERNAL AUDIT QUALITY
ASSURANCE AND IMPROVEMENT
PROGRAMME**

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

1. INTRODUCTION

- 1.1 Internal auditing is defined 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”. (Source: Public Sector Internal Audit Standards – PSIAS).
- 1.2 The Council’s internal audit function aims to meet the expectations of its stakeholders and deliver consistently high quality services. This requires a lot of hard work and commitment to identify and consistently apply effective professional practice. This is why PSIAS Standard 1300 requires the Corporate Assurance Manager & Transformation Lead to develop and maintain a Quality Assurance and Improvement Programme (QAIP).
- 1.3 Standard 1310 of the PSIAS states that the QAIP must include both internal and external assessments. This acknowledges that high standards can be delivered by internal audit managers but it also implies that further improvements can be delivered by subjecting the internal audit service to periodic external assessments.
- 1.4 In relation to quality assurance and improvement there are three key requirements of the PSIAS, as follows:
 - Ongoing monitoring of the performance of the internal audit activity. This refers to the day to day supervision, review and measurement of internal audit activity that is built into policies and routine procedures.
 - Periodic self-assessments (or assessments by other persons within the organisation with sufficient knowledge) of internal audit practices to assess conformance with the PSIAS.
 - External assessments of conformance to the PSIAS once every five years by a qualified, independent assessor from outside the Council. External assessments can be in the form of a full external assessment, or a self-assessment with an independent external validation. The Council’s internal

audit service received a full external assessment in March 2023 and the next external assessment is due in March 2028.

- 1.5 It is also a requirement of the Standards that the nature of the QAIP and reviews of effectiveness are regularly reported to the Council's Audit & Ethics Committee and senior management.
- 1.6 The QAIP is designed to provide stakeholders with assurance that internal audit:
- Performs its work in accordance with the Audit Charter (approved by the Audit & Ethics Committee in December 2021), which is consistent with the PSIAS definition of Internal Auditing and the Code of Ethics;
 - Operates in an effective and efficient manner; and
 - Is perceived by stakeholders as adding value and leading to improvements in the Council's operations.
- 1.7 This QAIP covers all aspects of the Internal Audit activity in accordance with PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:
- Monitoring internal audit to ensure it operates in an efficient and effective manner (PSIAS Standard 1300);
 - Evaluating compliance with the PSIAS Definition of Internal Auditing and Code of Ethics (PSIAS Standard 1300);
 - Helping internal audit to add value and improve the Council's operations (PSIAS Standard 1300);
 - Undertaking both periodic and on-going internal assessments of internal audit (PSIAS Standards 1311 and 1312);
 - Commissioning an external assessment of internal audit at least once every five years, and communicating the results to the Audit & Ethics Committee and Senior Management (PSIAS Standard 1320); and
 - Communicating the results of this QAIP to Senior Management and the Audit & Ethics Committee (PSIAS Standard 1320), including disclosure of
 - The scope and frequency of internal and external assessments;
 - The qualifications and independence of the assessor(s) or assessment team including any potential conflicts of interest;
 - The conclusions of the assessors; and
 - Details of any corrective action plans.
- 1.8 The Corporate Assurance Manager is responsible for the QAIP, which covers all areas of internal audit activity including consultancy engagements.

2. INTERNAL ASSESSMENTS

- 2.1 In accordance with PSIAS Standard 1300, internal assessments are undertaken through both on-going and periodic reviews.

Ongoing Reviews

- 2.2 Continual assessments are conducted through:
- Supervision of all engagements by the Corporate Assurance Manager or the Lead Auditor;
 - Structured, documented reviews of Terms of References, working papers and draft reports;
 - A detailed Audit Manual setting out the procedures used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards;
 - Quality control checklist completed for each assignment;
 - In the case of audit work carried out by the Corporate Assurance Manager, review by another member of the team;
 - Feedback from clients obtained through satisfaction questionnaires issued at the closure of each engagement;
 - Monitoring of performance against agreed performance indicators and regular reporting to the Audit & Ethics Committee and Leadership Team;
 - Periodic reporting to the Audit & Ethics Committee and the Chief Officer – Finance & Performance, setting out the content and progress on delivery of the improvement plan;
 - Review and approval of all draft and final reports, recommendations, levels of assurance and risk exposures by the Corporate Assurance Manager or the Lead Auditor;
 - Follow up and reporting on the implementation of actions agreed at the end of each engagement; and
 - Where appropriate, feedback on the quality of work during monthly one to one meetings.

Periodic Reviews

- 2.3 Internal periodic assessments are designed to assess conformance with the PSIAS and to ensure that internal audit is efficient and effective in meeting the needs of its various stakeholders. Periodic assessments are conducted through:
- Progress and performance reports, presented to the Audit & Ethics Committee and periodically to the Leadership Team;

- Annual risk assessments completed for audit planning purposes completed in March each year;
- An annual self-assessment against the PSIAS;
- An annual review of compliance against the requirements of this QAIP, including progress on delivery of the agreed improvement plan.

2.4 The results of internal assessments are included in an improvement plan which is continually monitored and included in the annual report and opinion of the Corporate Assurance Manager. This is in turn used to inform the Council's Annual Governance Statement (AGS).

3. EXTERNAL ASSESSMENTS

3.1 External assessments will appraise and express an opinion about internal audit's conformance with the PSIAS and will include recommendations for improvement, as appropriate.

3.2 An external assessment will be conducted at least every 5 years, as required by the PSIAS. The appointment of the external assessor and the scope of the external assessment will be formally determined and approved by the Audit and Ethics Committee.

3.3 An external assessment was completed in March 2023 which provided an opinion on the level of compliance with the PSIAS and the Local Government Application Note. The assessment concluded that the service operates "in general conformance with the Standards", the highest of the three available ratings. A number of recommendations were made to further enhance the service. The report and associated action plan were reported to the Audit & Ethics Committee and Leadership Team in July 2023, in line with the PSIAS.

3.4 The next external assessment is due in March 2028. The scope of this review will be determined nearer the time. Any identified areas of significant non-compliance with the PSIAS will be included in the annual report of the Corporate Assurance Manager and, if applicable, in the AGS.

4. REVIEW OF THE QAIP

4.1 This document will be subject to periodic review and will be updated accordingly following any changes to the PSIAS or the operating environment of internal audit.

5. TIMELINE OF ASSESSMENT WORK

5.1 The following table sets out the timeline and frequency of the assessment work:

Nature of Assessment Work	Timeline and Frequency
Engagement supervision	Ongoing
Reviews of Terms of References, working papers and draft reports	Ongoing
Compliance with the Audit Manual	Ongoing
Quality control checklist	At completion of each assignment
Review of audit work completed by the Corporate Assurance Manager	As and when required
Report consultation process	At completion of each assignment
Customer feedback	At completion of each assignment
Progress and performance monitoring	Aligned with each Audit & Ethics Committee meeting (5 times per year)
Progress reporting on improvement plan	Aligned with each Audit & Ethics Committee meeting (5 times per year)
Corporate Assurance Manager or Lead Auditor review and approval of: <ul style="list-style-type: none"> • Draft and final reports • Recommendations • Levels of assurance • Risk exposure assessments 	Ongoing
Follow up and reporting on the implementation of agreed audit actions	Aligned with each Audit & Ethics Committee meeting (five times per year)
One to one feedback on quality of audit work	Monthly
Audit plan risk assessments	Annually (March)
PSIAS self-assessments	Annually (May/ June)
Review of compliance with this QAIP	Annually (May/ June)
External assessment	Every 5 years

6. IMPROVEMENT PLAN FOR 2023/24 – BASED ON THE FINDINGS OF THE EQA

ACTION NUMBER	ACTION DETAIL	RESPONSIBLE OFFICER & TARGET DATE
1 EQA ref. R1	Add wording to the Internal Audit Charter stating that development of the audit plan is designed to support the Corporate Assurance Manager's Annual Opinion.	Corporate Assurance Manager 31/10/2023
2 EQA ref. R2	QAIP – ensure that commentary in the annual report confirms completion, reports on performance and reflects on further planned developments	Corporate Assurance Manager Already in place
3 EQA ref. R3 and D2	Ensure the annual report confirms how assurance in the various areas has been provided.	Corporate Assurance Manager Completed – see paragraphs 2.2 and 2.3 in the annual report.
4 EQA ref. R4	Finalise the job description of the Corporate Assurance Manager	Chief Officer – Finance & Performance Already in place.
5 EQA ref. C1 and C2	Align future internal audit planning with the Council's thinking regarding what it regards as significant risk.	The Corporate Assurance Manager partially agrees with this action, as it would inherently require a high level of maturity in the Council's risk management framework. There will be enhanced documentation to demonstrate where internal audit has tested controls recorded on risk registers. Risk registers are used to inform audit planning but cannot be the only source; there are often risks which the client has not considered. Corporate Assurance Manager by 31/03/2024

ACTION NUMBER	ACTION DETAIL	RESPONSIBLE OFFICER & TARGET DATE
6 EQA ref. C3	Grade recommendations by scoring against the Council's risk assessment matrix.	<p>Audit findings are already evaluated and scored using the Council risk assessment matrix.</p> <p>However, internal audit will going forward also include an expectation of the timescale for implementing recommendations based upon the level of risk. This will be addressed through amendment of the assignment reporting template.</p> <p>Corporate Assurance Manager by 31/10/2023</p>
7 EQA ref. C4	In assignment design, focus internal audit testing on the key controls which add the greatest level of assurance, and not necessarily all controls.	<p>Corporate Assurance Manager</p> <p>31/10/2023</p>
8 EQA ref. C5	Ensure there is appropriate supervision of the external contractor.	<p>Corporate Assurance Manager</p> <p>Already in place – the Contractor uses the Council's methodology and associated templates. Audit Terms of References and reports are all reviewed by the Corporate Assurance Manager prior to issue, and there are regular supervision meetings.</p>
9 EQA ref. D1	Map internal audit activity to Council's Code of Governance.	<p>This will be completed against the Council's new Internal Constitution. An assessment of compliance against the new Internal Constitution is already included in the internal audit plan for 2023/24.</p> <p>Corporate Assurance Manager by 31/03/2024</p>

ACTION NUMBER	ACTION DETAIL	RESPONSIBLE OFFICER & TARGET DATE
10 EQA ref. D3	Ensure the opinion on each audit is based upon the highest level of risk based recommendation in a report.	A recommendation graded High risk will usually imply a Limited level of assurance. A High level of assurance will only be provided where there are no Medium or High risk actions. Corporate Assurance Manager by 31/10/2023
11 EQA ref. D4	Amend the annual report to reflect that the annual opinion is also based upon broader knowledge of the organisation.	Completed by the Corporate Assurance Manager in June 2023.
12 EQA ref. SE3	Amend the standard internal audit report template to include a statement on confidentiality and limitation of liability.	Corporate Assurance Manager 31/10/2023

AGENDA MANAGEMENT SHEET

Report Title:	Annual Governance Statement
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	20 July 2023
Report Director:	Chief Officer - Legal and Governance
Portfolio:	Finance, Performance, Legal and Governance
Ward Relevance:	None
Prior Consultation:	Leadership Team
Contact Officer:	Chris Green, Corporate Assurance Manager and Transformation Lead, chris.green@rugby.gov.uk
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	This report relates to the following priority(ies): <input type="checkbox"/> Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C) <input type="checkbox"/> Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E) <input type="checkbox"/> Residents live healthy, independent lives, with the most vulnerable protected. (HC) <input checked="" type="checkbox"/> Rugby Borough Council is a responsible, effective and efficient organisation. (O) Corporate Strategy 2021-2024 <input type="checkbox"/> This report does not specifically relate to any Council priorities but
(C) Climate (E) Economy (HC) Health and Communities (O) Organisation	
Summary:	The report presents the Annual Governance Statement (AGS) for approval.
Financial Implications:	No direct implications.
Risk Management/Health and Safety Implications:	If the AGS is not approved and published the Council may experience reputational damage, adverse media coverage and stakeholder concern.

Environmental Implications:	No environmental implications.
Legal Implications:	There would be a breach of the Accounts and Audit Regulations if the AGS was not published.
Equality and Diversity:	No equality and diversity implications.
Options:	None.
Recommendation:	The Annual Governance Statement for 2022/23 be approved, with or without amendments.
Reasons for Recommendation:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 20 July 2023

Annual Governance Statement

Public Report of the Chief Officer - Finance and Performance

Recommendation

The Annual Governance Statement for 2022/23 be approved, with or without amendments.

1. Introduction

- 1.1 The purpose of this report is to set out an Annual Governance Statement (AGS) for 2022/23, describing the governance arrangements that were in place during the financial year.
- 1.2 The AGS is formally approved by the Leadership Team and signed by the Chief Executive and the Leader of the Council, who take personal responsibility for the control framework described and for the delivery of the identified improvements to the framework.
- 1.3 The AGS for 2022/23 was drafted by the Corporate Assurance Manager in consultation with the Leadership Team and various managers across the Council.
- 1.4 The AGS for 2022/23 is appended to this report.

2. Report Details

- 2.1 Corporate governance is defined as the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate lead their communities.
- 2.2 There is a strong correlation between effective governance and effective service delivery and achievement of corporate objectives. To deliver the Council's vision and support the drive for continuous improvement strong governance arrangements need to be in place.
- 2.3 A number of evidence sources were utilised for the purpose of drafting the AGS, including:
 - Consultation with, and assurances provided by, key officers. Each Chief Officer was asked to complete a formal statement declaring that, having

made appropriate enquiries with their officers, the governance arrangements were as stated, and were applied consistently within their service area. Further evidence was provided by various officers across the Council.

- Work undertaken during the year by Internal Audit and other inspection bodies.
- Key corporate documents including the Corporate Strategy, Committee reports, the Annual Audit Letter, the Constitution, the draft financial statements, the Annual Report of the Corporate Assurance Manager, the annual report setting out the Council's achievements, and the officer and member training programmes.
- Cumulative knowledge and experience.

2.4 The Council is satisfied therefore that its overall governance framework provides a **Substantial** level of assurance of effectiveness, although a number of further development areas have been highlighted. Delivery of the Action Plan will be monitored during 2023/24. The AGS was approved by the Leadership Team on 26 June 2023, and the full document is set out at Appendix A.

Name of Meeting: Audit and Ethics Committee
Date of Meeting: 20 July 2023
Subject Matter: Annual Governance Statement
Originating Department: Legal and Governance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



APPENDIX A

ANNUAL GOVERNANCE STATEMENT

2022/23

RIGHT FOR RUGBY



Annual Governance Statement 2022/23

1. SCOPE OF RESPONSIBILITY

- 1.1 Rugby Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards. Public money must be used economically, efficiently and effectively, safeguarded and properly accounted for. The Council must have in place proper governance arrangements and carry out its functions effectively, including suitable risk management arrangements.
- 1.2 The Council must conduct a review, at least once a year, of the effectiveness of its system of internal control and report the findings in an annual governance statement (AGS). The statement must be prepared in accordance with proper practices and be reported to a Committee of Councillors. This document comprises the Council's AGS for 2022/23. This year's statement shows the governance framework has again been maintained and enhanced during the year. Sound governance helps the Council deliver on its corporate strategy, specifically the objective to "maintain robust systems of governance that ensure fairness, accountability and transparency".

2. WHO IS RESPONSIBLE FOR ENSURING GOOD GOVERNANCE?

- 2.1 The Council's governance arrangements are overseen by the Audit & Ethics Committee. The Chief Executive has overall responsibility for ensuring that effective controls and processes are implemented across the Council, and these are regularly reviewed and updated. Regular reports are submitted to the Audit & Ethics Committee highlighting any identified enhancements. The Chief Officer Finance and Performance (s151 Officer) is responsible for ensuring that effective financial controls are in place, for the maintenance of an effective internal audit function and, alongside the Chief Officer Legal and Governance (Monitoring Officer) for reviewing the overall effectiveness of the governance framework. In addition, the Leadership Team shares a collective responsibility for sound financial management and governance. The overview and co-ordination of this process is undertaken by the Corporate Assurance Manager.

3. WHAT THIS STATEMENT TELLS YOU

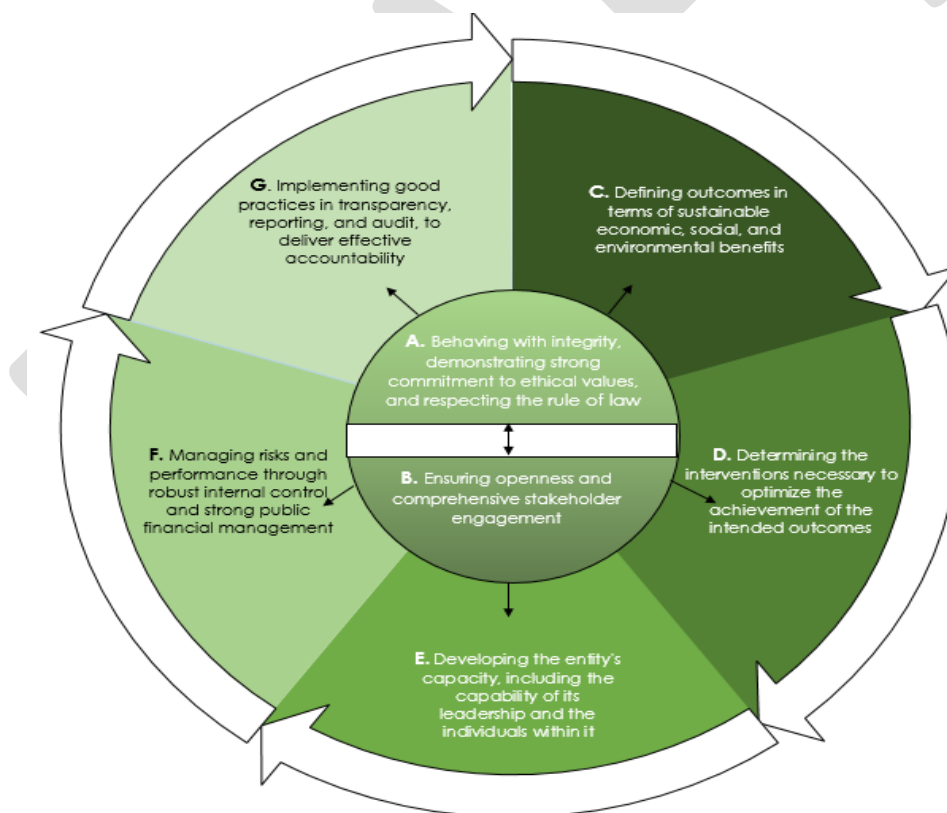
- 3.1 This Statement provides a summarised account of how the Council's management arrangements are set up to meet the principles of good governance set out in the Constitution and how assurance is obtained that these are both effective and appropriate. It provides the reader with a clear assessment of how the governance framework has operated over the past financial year, how effective that framework has been in enabling the Council to achieve its objectives, and to identify any improvements made and any weaknesses or gaps in arrangements that need to be addressed. Its main aim is to provide the reader with confidence

APPENDIX A

that the Council is managed effectively and efficiently; that services are delivered in accordance with current legislation, the corporate strategy and in a way that optimises value for money.

4. THE PRINCIPLES OF GOOD GOVERNANCE

- 4.1 The principles of good governance are set out in the CIPFA Framework for Delivering Good Governance in Local Government 2016. The framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. This statement explains how the Council has complied with the framework and meets the requirements of the Accounts and Audit Regulations 2015 (England).
- 4.2 Good governance is dynamic, and the Council is committed to improving its governance on a continuing basis through a process of evaluation and review. The diagram below, taken from the International Framework for Good Governance in the Public Sector, illustrates the various principles of good governance in the public sector and how they relate to each other. At Rugby Borough Council, sound governance is embedded as a priority in the corporate strategy.



5. THE GOVERNANCE FRAMEWORK

- 5.1 The governance framework comprises the policies, plans, systems, processes, culture and values (the system of 'internal control') that the Council has in place to ensure its intended outcomes for stakeholders and the community are defined and delivered. To deliver good governance objectives must be achieved whilst also acting in the public interest. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 5.2 The governance arrangements are designed to ensure that an appropriate and proportionate approach is taken to managing risk whilst ensuring that objectives are achieved. The governance framework has been in place for the year to the date of approval of this annual governance statement. The arrangements are not designed to eliminate all risks but rather provide a reasonable degree of assurance of effectiveness. The governance framework and an assessment of its effectiveness are set out on the following pages.

DRAFT



APPENDIX A

PRINCIPLE A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Arrangements in place

- Member and officer codes of conduct
- Confidential Reporting Code
- Counter Fraud, Bribery and Corruption Strategy
- Fraud Response Plan
- Contract Standing Orders
- Declaration of interests procedure
- Register of interests
- Register of gifts and hospitality
- Customer feedback and complaints procedure with oversight by Management Team
- Equalities & Diversity policy statement
- Register of Equality and Climate Change Impact Assessments
- Information governance framework and security policies in place, and senior information risk owner in post (SIRO).
- Corporate CANDO values and behaviours framework in place which all employees are expected to act in accordance with
- Recruitment/ selection procedures aligned with corporate values
- Customer Care training is mandatory for all staff in accordance with the Council's value of putting "customers first".
- A standard format is in place for 121 meetings between managers and staff, designed to ensure that the corporate values are embedded and adhered to.
- An online "Praise" system is in place which enables employees who have excelled to receive a praise "badge" in recognition of their contribution.
- The Council participates in the National Fraud Initiative
- Staff required to confirm that they have read and understood the Council's anti-fraud, bribery and corruption arrangements.
- Internal audit plan coverage includes governance and ethics related audits, in line with the Public Sector Internal Audit Standards.
- Any planning applications submitted by staff are reviewed in public
- Agenda management sheets of Council reports include a requirement to highlight the legal implications of decisions
- Records of regulatory training required and undertaken are retained on the Council's HR system
- There is a Warwickshire independent persons panel in place which is available for consultation regarding any conduct related complaints. The group provides advice to the Council on the appropriate course of action to take in such cases.
- The Council has implemented arrangements to ensure compliance with the requirements of the Homelessness Reduction Act 2018.
- Financial instructions and regulations in place.
- Shareholders Committee in place to oversee the activity of the Joint Venture trading company.
- Team meetings and 121s provide an additional opportunity for officers to raise any concerns they may have.



APPENDIX A

Effectiveness and future developments

Dedicated time was again set aside within the internal audit work plan to ensure that resources are available to thoroughly investigate any allegations and to enable proactive risk-based testing to be conducted during the year. A review of fraud risks and mitigating controls across all Council departments was completed in 2021/22 and resulted in a substantial level of assurance. The Council's approach to assessing fraud risks, and its fraud awareness training arrangements, were recognised and published in 2018 as examples of best practice in Local Government. A formal strategy review and update has been completed in 2022/23 and is being presented to the Audit & Ethics Committee for approval in June 2023. The Council's framework for managing the risks of fraud, bribery and corruption were subject to independent external review in March 2023, and a substantial level of assurance was provided. To ensure the updated strategy is successfully embedded, further work will be completed in 2023/24, which will include requirements for officers to acknowledge their responsibilities in this area, and formal training. **See Action 1.**

Rolling licensing committee training has been provided to members leading to a clearer evaluation of prosecution cases. The Council has invested in the provision of enhanced regulatory training to planning committee members leading to a greater awareness and understanding when making decisions, and a reduction in appeals.

Financial approval limits were updated and a new scheme of delegation was developed and approved for the Council in December 2021. Furthermore, following publication of a new Local Government Association Code of Conduct, the Council has developed its own new Code of Corporate Governance (Internal Constitution), along with supporting guidance for officers and members. This sets out in more detail how the Council applies its Constitution in practice. The new Internal Constitution was agreed in early 2023 and at the time of writing was being cascaded to officers.

An internal audit review completed in 2022/23 highlighted a lack of documented policies and procedures defining Council requirements for key aspects of data protection including Data Classification, Data Retention and Data Disposal. Though Record of Processing Activities (ROPA) spreadsheets have been created to document requirements around the handling and processing of Council data there is no regular review process in place, meaning that in some cases these have not been regularly reviewed and updated. The Management Team is being tasked with establishing a squad to implement the actions arising from the internal audit review. **See Action 2.**

During the annual canvass, between July and November 2022, over 50,000 properties were contacted in the Borough to ensure that elector details were accurate and up to date. The annual electoral register was published on time on December 1 2022, as legally required. The Council also led a campaign to raise awareness of the new voter ID requirements.

During the year there was a whistleblowing incident, which was fully investigated by the Corporate Assurance team and highlighted £0.060m of purchases where Council procurement rules had not been followed. An action plan has been agreed to strengthen monitoring controls further, and the internal audit plan for 2023/24 includes quarterly sample testing of purchase transactions. **See Action 3.**

PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement**Arrangements in place**

- The Council publishes a range of information including meeting agendas and reports, financial and procurement data, invitations to tender, senior officer salaries, the contracts register, annual governance statement and financial statements, corporate performance information, planning applications and decisions, delegated decisions and section 106 agreements.
- Records are retained detailing any decisions taken by officers using their delegated authority, including the rationale. Such decisions are also published.
- The strategic risk register is scrutinised by the Audit & Ethics Committee.
- The Council consults widely and comprehensively with stakeholders on its proposals. Wider engagement takes place via the West Midlands Combined Authority and the Local Enterprise Partnership.
- There is a Scrutiny Committee work programme in place, with members of the public invited to recommend topics and attend annual work planning meetings.
- A Forward Plan is in place setting out what consultation will be undertaken in advance of decisions being made, and with whom.
- The Council holds an Equality & Diversity “excellent” accreditation and Equality Impact Assessments (EIA’s) are completed for Council decisions. A register of EIA’s is in place and kept up to date. Equality & diversity training is mandatory for all staff.
- Equality, Diversity & Inclusion Policy Statement and Objectives reviewed by the Equality & Diversity Steering Group, and amended to ensure alignment with the Corporate Strategy.
- A communications strategy is in place.
- Customer feedback procedures are in place.
- Active engagement with employees takes place in several ways including through a bi-annual survey, regular employee briefings, the employee network, team meetings and through the Joint Union Consultation Forum.
- Employment policies are developed in consultation with staff and trade unions.
- Cross party working groups are operated as an additional measure which ensures engagement with a broad range of stakeholders on key Council decisions.
- Council meetings are live streamed and recordings are retained on the Council’s website.
- Corporate Strategy Delivery Plan and Commercial Pillars in place, supported by Service Plans.

Effectiveness and future developments

The Council uses a range of approaches to engage with communities including through associations, forums, leafletting, parish councils, drop in events, Facebook, Instagram, Twitter, the website, surveys, and face to face. There is a contract with Language Line to support any face to face communication issues and the Council accesses the Warwickshire County Council interpretation and translation service to translate written documents. The Council is a partner of Warwickshire Insight Service which provides information and intelligence about Warwickshire and its people. The information provided was used to inform the Council’s vision for Rugby Town Centre and to inform the development of the Corporate Strategy. The information is also used by the Community Safety Partnership and by staff when



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completing Equality Impact Assessments, which helps to ensure that decisions are taken after due consideration of the potential impacts across the community.

Rugby Art Gallery and Museum consults with audiences and community groups to ensure services are responsive to local needs and reflective of the local community. Rugby Art Gallery and Museum has long term partnerships with the Benn Partnership Centre and Age UK to engage socially isolated adults and adults living with dementia in creative and stimulating experiences. Activities are constantly adapted following participant feedback. Rugby Art Gallery and Museum has also partnered up with Warwickshire Pride to deliver an exhibition linked to local experiences.

The Council hosted the first ever Rugby Climate Summit with voluntary and community organisations, residents and businesses. It built and launched the Rugby Net Zero website, to host information for residents on tackling climate change, and has begun upskilling its workforce to deal with the climate emergency, for example through carbon literacy training. The Climate Emergency Working Group has also overseen development of a comprehensive Climate Strategy, ready for public consultation.

The Council also welcomed the Rugby Cycle Forum as an official partner of Rugby Net Zero. The forum brings together local cyclists, officers and Councillors from Rugby Borough Council and Warwickshire County Council and partners with the aim of making cycling safe, convenient and pleasant in and around Rugby.

Signposting has been provided for funding and training for residents and businesses via the RugbyNetZero website, to help support them towards reducing their impact on the environment and adapt to the consequences of climate change. A number of community toolkits will be added to the RugbyNetZero website during 2023/24. The Council has also engaged with local business both on an individual level and through networking events to better understand their needs in terms of addressing Climate Change and has utilised their feedback to inform a Business Climate Toolkit, which will be released in summer 2023.

The Council continued to engage with tenants to ensure that they can influence decisions which affect their homes. This was achieved through the tenants panel and through a new style tenant newsletter which was launched in the Summer. Targeted communications were also delivered to ensure that the full range of cost of living support which is available to residents and businesses is understood and shared. This includes a dedicated series of webpages to support residents who are at risk of financial difficulty, and a dedicated business advice page providing support and guidance on reducing energy costs and accessing funding.

In summer 2022 the Council held working groups with town centre stakeholders for markets, business support, events, public realm and town centre safety, to find out what interventions could be made in the town centre.

During the year the Council assisted the communities of Wolvey and Brinklow to help progress their neighbourhood plans. These plans now form part of the Council's Development Plan for the borough and their policies are used in decision making. The Council is also assisting Monks Kirby and Clifton-upon-Dunsmore Parish Councils on their neighbourhood plans as they progress through the process.

The Council developed a new communications and engagement strategy and tested it with the Management Team, to ensure that all services adopt consistent standards. Work also continued with the digital experience platform, which has recently seen a suite of waste services go live, such as this year's green waste subscriptions and the introduction of an FOI and Complaints case handling system, which has seen the target customer complaint response time reduced to 10 working days. The work

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continues so that the Council can develop website services to this platform, expanding the number of more efficient and streamlined services available to customers.

The first phase of a new Housing Management System was delivered during the year. As well as being more efficient as all customer information is readily accessible within one system, tenants can now carry out tasks such as checking their rent accounts online. The new system also gives the Council the opportunity to communicate with tenants in a variety of ways such as the text message survey option.

PRINCIPLE C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Arrangements in place

- A Corporate Strategy is in place covering the period 2021-2024. This is given further context through the Corporate Strategy Delivery Plan, Town Centre Regeneration Plan, and the Climate Strategy.
- The Medium Term Financial Plan is regularly reviewed and updated, with the latest iteration presented to Cabinet in February 2023, covering the period 2023-26.
- New Medium Term Financial Strategy in place.
- Cabinet and Committee reports set out the potential impacts of changes on stakeholders.
- Strategic and operational risk registers are in place.
- The Council has declared a climate emergency and has committed to address its impact on the climate.
- The Council consults widely on its proposals considering the economic, social, and environmental impacts of plans, policies, and decisions.
- There is a clear vision for Rugby Town Centre, including an regeneration plan and marketing plan.
- All planning and development decisions are considered openly and transparently in terms of their economic, social, and environmental benefits and impacts.
- The Council is now a Carbon Literate Organisation (Bronze Award), and will be rolling out carbon literacy to the organisation.

Effectiveness and future developments

The Council has an objective to be a net zero organisation by 2030 and a number of actions have been delivered towards this during 2022/23 including:

- Developing and adopting a Climate Change Strategy and Action Plan – setting out the goals for 2030 and the initial actions required to achieve them.
- The Council has earmarked a £1m climate reserve in the General Fund and a further £0.1m in the Housing Revenue Account.
- Becoming a Carbon Literate Organisation, having achieved Bronze Award in 2022.
- Preparing a Climate Change Toolkit which will be included in the Councillors' induction programme. This toolkit provides learning and resources which can be shared with community groups, parish councils, businesses and residents.
- Progressing the partnership with Midlands Net Zero to identify opportunities for improving the energy efficiency of the Council's wider portfolio of properties, with a particular emphasis on the Town Hall, Rugby Art Gallery and Museum and the Hunters Lane depot.

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- Commissioning the Energy Saving Trust to develop the fleet decarbonisation programme. Initial orders have been placed for electric vehicles, including a fully electric Mayoral Car.
- Embedding Climate Change and Environmental Risk Assessments into decision making processes and using them to ensure that decisions made by Cabinet and Council are made with full knowledge of their implications.
- Working closely with WRAP (The Waste and Resources Action Programme) to understand the best way to introduce weekly food waste collections. Initial calculations show that in doing so, the Waste service can be a carbon net zero operation.
- The Council's electricity is now supplied from 100% renewable green energy sources.
- Communal lighting areas continue to transfer to LED lighting, including the Rugby Art Gallery and Museum, John Barford car park, Town Hall Benn Hall, and the Council's street lighting.

The Council has enhanced the Parks Connector Network during the year, at Whitehall Recreation Ground, Freemantle Open Space, Apple Grove and Newbold Quarry. The Network aims to improve access to open spaces and provide a series of green travel corridors to promote walking and cycling. Green spaces, cycle lanes, parking and electric charging points have all been mapped into a single source of truth, providing accurate information to support green travel. This will be made available on the Council's website.

The Council's taxi licensing policy has been updated, requiring new vehicles to be low emission or ultra low emission from 2024. Requirements for car clubs on large apartment developments have also been introduced, to encourage modal shift and less reliance on the private car.

A project was part funded by the Council which has delivered huge improvements to the National Cycle Network Route 41, known as the 'Lias Line'. Costing around £5.1m, and delivered by Sustrans, the project has diverted 4.0km of the National Cycle Network off road and onto 4.2km of completely sealed off-road track. The project included a range of ecological enhancements with the help of local volunteers, creating new habitats making it an attractive green space to benefit both people and wildlife.

The Council has worked hard to reduce the impact of residents and businesses on the environment and help them adapt to the consequences of climate change. Outcomes against this objective include:

- As part of the Energy Company Obligation Scheme, the Council's energy company partner improved the thermal efficiency of 95 private sector homes with wall and loft insulation.
- 8,500 tonnes of dry recycling and 9,700 tonnes of organic recycling (garden and food waste) were collected. Over 22,000 households subscribed to the garden waste service.
- The Borough's overall recycling rate increased year on year from 43.2% to 46.4%.
- Residual black bin waste has fallen from 488kg in 2021/22 to 401kg per household in 2022/23; this equates to a 67% reduction in CO2 emissions.
- Growth in use of the Rugby Borough Council waste app, with 11,000 unique households having subscribed. The next phase will be to expand the information and services beyond waste and recycling.
- Over 22,000 households subscribed to the garden waste.
- As part of Sherbourne Recycling Limited, the Council has progressed the construction of a new Materials Recycling Facility. This state-of-the-art facility will enable the Council and partners to process dry mixed recycling more efficiently and to offer this service to commercial customers.

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In 2022/23 the Council continued to invest in the mental health and wellbeing of residents and communities and the following outcomes were achieved to help close the health inequality gap:

- On Track, the Council's social inclusion team delivered youth clubs across Brownsover, Long Lawford and Hillmorton, supporting young people aged 10-19 with their physical and mental health.
- On Track secured external funding of £8,000 from the Police Crime Commissioner to deliver activities for young people to support mental health through engagement programmes.
- The Council secured the 3 year continuation of the Family Weight Management Service 'Changemakers', delivering healthy lifestyle advice to families across the whole of Warwickshire.
- There was continued promotion of Sky Blues in the Community, including their "Mentalk" sessions where Men are able to benefit from regular mental health support, physical activities and the chance to make new friends.
- The Council supported the Third Sector to provide additional advice and support regarding the cost-of-living crisis. This included supporting Community Organisations, including those managing and running premises so that they maximise support to local communities including the provision of warm hubs. Best practice was also shared with Community Associations enabling them to deliver localised projects, such as the Brownsover Winter Family Project, offering a hot meal and a warm space to do homework for families every evening. The Council also worked in partnership with Warwickshire County Council to investigate and where appropriate support cost of living related initiatives such as auto enrolment of children for free school meals, the Household Support Scheme and a Warwickshire Cost-of-living Summit. Bedworth, Rugby, and Nuneaton Citizens Advice (Brancab) were commissioned to support thousands of residents in tackling debt, maximising their income, accessing housing and many other challenges. During 2022/23 2022 Brancab supported 4,450 Borough residents with 13,800 issues. During this time, they enabled Rugby residents to maximise their income by in excess of £3.5 million. Support for the Rugby Foodbank has also been quadrupled for 2023/24.
- The Council has also worked in partnership with the NHS to grant planning permission for a new 2-storey Endoscopy Facility at Rugby St Cross Hospital which when completed will provide increased health facilities for residents.

The Rugby Art Gallery and Museum had a successful year, hosting 21 exhibitions. A £0.050m grant was secured from Arts Council England which was used to host workshops with community groups across the Borough. A permanent gallery was created to celebrate some of the Rugby Collection pieces alongside a family friendly discovery zone. The 'Summer of Discovery' programme was launched, themed around STEAM (Science, Technology, Engineering, Art & Mathematics). Funding from The Royal Society's 'Places of Science' grant enabled 2,566 children to take part in a range of activities to over the summer, with a launch event where 811 people attended a live science show. A family event was hosted called 'Night at Your Museum', picking the theme of 'Comic Strips & Super Heroes'. The event was attended by 900 adults & children, who enjoyed meeting Optimus Prime & Bumblebee, local heroes from the fire and police service, super animals from Wildlife Displays, and building a UV city. A total of 8,616 visitors were welcomed to 'Every Object Tells a Story', which engaged local groups and people who told stories about local historic objects.

The Council continued to work closely with its external partners, developing and tailoring services to ensure local needs are met, with a focus on prevention and early intervention. The BEAM project (a social enterprise, to support people who are homeless or at risk of becoming homeless into training and employment) supported 9 highly vulnerable residents; 6 of these have now gone into work. Close links



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with the Department for Works and Pensions has resulted in an uplift of referrals into the scheme. The Rugby Art Gallery & Museum, and the Queen's Diamond Jubilee Leisure Centre, provided warm winter hubs. The 24/7 community alarm service for our older and more vulnerable residents supported 2,000 residents (1,400 within Council homes and 600 private subscribers). Technology is being upgraded to a digital cloud-based system that will enhance the service and increase resilience in the event of an emergency. The Rugby Lotto generated £0.031m of income for local voluntary and community groups and good causes during the year, and a 3 year extension to the Family Weight Management programme 'Changemakers' was secured, worth £0.513m. There were 270 referrals for young people in 2022/23 for completion of a 9 week family healthy lifestyle workshop, and 250 proactive visits were made to people's homes as the Council reached out to identify potential condensation and damp issues.

During the year the Council continued to support 16 clients through the housing Pathways programme to prevent repeat homelessness and rough sleeping. Three former Pathways clients, in need of intensive Housing Support, graduated to an introductory tenancy in social housing. The work of the PHIL (Preventing Homelessness Improving Lives) project has successfully been integrated into the business-as-usual work of the Housing Advice and Benefits Team, with the team continuing to prevent homelessness by identifying early warnings and providing advice and support to assist residents to stay in their current homes. During periods of extreme cold weather, the Council has activated the Severe Weather Emergency Protocol (SWEP) to offer additional support to rough sleepers during the winter. The Council continued to work closely with HOPE 4 and other voluntary and statutory agencies to tackle issues of homelessness within the borough – primarily through the work of the homelessness forum which ensures that the local response is co-ordinated and reactive to needs. Close work continued with private landlords to ensure that sufficient temporary accommodation was available to meet needs. The Council leases 38 properties, including 6 houses in multiple occupation, providing 31 bedspaces.

A number of key outcomes were delivered in line with the objective of supporting residents to lead active lives with high quality accessible green space and recreational facilities, including:

- The Queen's Diamond Jubilee Centre saw an average of 65,000 visits per month with residents able to swim, use the gym and access fitness classes.
- 372 hours of sports pitch hire was booked, supporting local community sport delivery on the Council's open space.
- The annual Rugby Sports Awards were hosted, including a total of £1,000 awarded to talented young people who are high performing in their respective sports.
- 1,750 people attended the National Playday with families enjoying free play activities at Whitehall Recreation Ground.
- The Apple Grove and Glaramara Play Areas were refurbished and opened in time for the Summer holidays, following a successful application for £0.100m of funding.
- Arnold St Pocket Park was regenerated, with more suitable planting put in place.
- The bandstand at Whitehall Recreation Ground has now been restored and is enhanced by new paths and ramps which ensure accessibility. New electric connections have been added with lighting and a power supply for events.
- 6,400 hours of volunteering on green spaces was delivered with a wide range of partners including Warwickshire Wildlife Trust, Rugby Wildlife Group, Butterfly Conservation, Rotary and the New Bilton Community Association.

The deconstruction of Rounds Gardens is underway, with the site expected to be cleared by the end of 2023. The Council continued investing in its housing stock, with 265 new energy efficient boilers fitted, 144 homes benefitting from disabled facility works, 143 new bathrooms and 50 new kitchens.

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Furthermore, the HEART project completed Disabled Facilities Grants for 46 households, worth £0.459m. These works will ensure that residents can remain living independently, and with dignity, in their current home.

Rugby was the first district or borough in the County to develop and go live with a procedure for ensuring speedy crisis payments to Ukrainian guests matched to sponsors. Furthermore, Rugby Art Gallery and Museum displayed a range of art, craft, personal stories and photographs from Ukrainian refugees living in Rugby. The Borough's Ukrainian visitors were welcomed to the Town Hall, following a service of remembrance and hope and marking the first anniversary of the war in Ukraine. Safety checks were completed for 112 homes for Ukrainian refugees accommodated under the government's scheme.

Following the COVID-19 pandemic food safety officers have been working hard to catch up and meet the standards set by the Food Standards Agency. The number of food businesses meeting the minimum legal standard is 95%, and those meeting the highest 5* standard is 75%. Approximately 800 nuisance complaints have been handled over the year with only a small number requiring formal action such as an abatement notice or prosecution, showing that systems and interventions are generally effective. The Council proactively addressed fly tipping with Community Wardens patrols, deployment of CCTV and working with partners such as Warwickshire Police. Up to quarter 3, the council had taken formal action against 55 fly tippers (warning letters, fixed penalty notices and prosecutions), had completed 3000 patrols, and deployed the CCTV 8 times with 28 site visits. Community Grant Funding of £0.010m was also secured from the Police Crime Commissioner to deliver targeted projects to reduce anti-social behaviour in the Borough.

PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes

Arrangements in place

- The Council manages performance through published local and management performance indicators; this enables intervention to be targeted where it is needed.
- The Corporate Strategy Delivery Plan and service plans are designed to ensure that the Council targets the actions necessary to deliver the Corporate Strategy.
- Strategic risk registers are in place for each strand of the corporate strategy, detailing the controls in place and the interventions planned to ensure delivery of objectives.
- There are eight distinct service areas each with a Chief Officer, and dedicated member portfolio holders aligned with these service areas.
- Committee and Cabinet reports set out the risks and options associated with decisions.
- Quarterly finance and performance reports are submitted to and reviewed by Cabinet.
- An annual budget report, and rent setting report, are submitted and there is an established budget setting and monitoring process, which the Council looks to improve year on year, with greater focus on ownership and accountability.
- The Medium-Term Financial Plan is regularly reviewed and updated, with the latest iteration endorsed by Cabinet in February 2023, covering the period 2023 to 2026.
- New Medium Term Financial Strategy in place.
- Approved Asset Management Strategy in place.
- The Council consults widely on its proposals considering the economic, social, and environmental impacts of plans, policies, and decisions.

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- There is a Forward Plan of key decisions and scrutiny committee arrangements in place.
- A customer feedback procedure is in place.
- Programme Board in place to oversee delivery of the Corporate Strategy and Transformation Programme. Key corporate projects also have governance boards in place to provide oversight and ensure effective delivery.
- The Climate Strategy is supported by an action plan, setting out the goals to be reached by 2030 and the actions to achieve them.
- Financial regulations and instructions are in place.
- Bi-annual reports on treasury management activities are submitted to the Audit & Ethics Committee.

Effectiveness and future developments

Through an ambitious programme of transformation, the Council has been able to evolve its ways of working, deliver financial efficiencies and improve outcomes for our customers. As the transformation programme progresses further, these successes will provide the foundations for future projects and initiatives.

The Council is continuing to develop its digital platform for customer interaction, and during the pandemic has encouraged the use of this more efficient and effective platform rather than face to face visits to the Town Hall. The Council has pledged to improve the quality of its digital services and technology and is reshaping its capability to deliver that change. The Digital Strategy forms a road map of digital change and culture throughout the Council. By using the digital-by-default model, the Council will demonstrate how digital innovation, data and technology will help its services thrive. The strategy sets a clear vision and direction for how digital design, data and technology will support the Council's ambitions as a council to work differently, deliver the Corporate Strategy, and make lasting changes to how the Council meets more of its community's needs, quicker and more conveniently and making sure that it does so inclusively, leaving nobody behind in the process. The implementation of phase one of the digital experience platform has resulted in a new Customer Case Management Module, enabling Rugby Borough Council staff and customers to log and track issues via one portal. Phase two work is now underway to migrate website services to this platform and to expand the number of services available to both staff and customers.

There are a number of other areas where the Council intervened successfully during the year, including:

- Plans have been progressed for a new housing scheme at the former Biart Place site. This new development will deliver highly energy efficient social rented homes. The Council has chosen to make best use of new technology and will not be connecting the site to the gas grid. The new homes are predicted to attain an Energy Performance Certification of A, as opposed to E and F for the homes that they will be replacing.
- A new Climate Change and Sustainable Design and Construction Supplementary Planning Document (SPD) has been adopted. This guidance will support the implementation of sustainable developments within the Borough.
- The Council has worked in partnership with Warwickshire Wildlife Trust to secure funding which will carry out improvements as part of Dunsmore Living Landscapes of circa £0.040m for habitat improvements and develop wildflower rich grassland within the borough.
- The Council has retained the Gold award at Heart of England in Bloom for the 14th year running and was awarded a judges' discretionary award for its Grounds Maintenance service.
- The 3 Green Flag awards and Community award were retained, and another Green Flag Community award was added, recognising the well-managed parks and green spaces within the Borough.



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- Improvement works were carried out within the Park Connector Scheme including walkways to and from, as well as within, Whitehall Recreation Ground, Apple Grove Play Area in Bilton Ward, Freemantle Open Space.
- An additional 100 trees were planted during the winter as well as identifying a suitable area for beginning to grow trees, which will then be available for planting around the borough.
- Through a partnership with Garden Organic, the Council is jointly developing landscaping and green space plans for the new development of social rented homes at the former Biart Place site.
- The Council has utilised Local Authority Delivery scheme funding to deliver energy efficiency measures to 41 homes, with 33 benefitting from solar PV, 5 having old storage heating systems replaced with air source heat pumps, and 3 receiving full loft insulation along with appropriate ventilation measures.
- An HRA Housing Climate Change reserve of £1m has been earmarked, as match funding, to support the Council's recent successful £1.1m bid to the national Social Housing Decarbonisation Fund. The resulting project 2-year programme will ensure that 110 households will benefit from external wall insulation to their hard to heat homes.
- A new Economic Strategy is being progressed to help support local businesses and to drive investment. Marketing and branding work is being completed to promote the Town Centre and wider borough including an upgrade to The Rugby Town website, a new website for investors and greater presence and promotion across the social media channels.
- The Council is investing in business support by funding the Coventry and Warwickshire Growth Hub, to provide help and support to medium to large businesses in Rugby and across the region.
- The Council continues to work with the Chamber of Commerce to deliver targeted initiatives for businesses. A three year programme has delivered a growth accelerator, assisting 253 businesses and generating £0.468m of Gross Development Value. Start-up businesses have been supported through work with the Chamber of Commerce, which has assisted 350 residents and 84 Rugby based businesses assist with the challenges of starting and running a business.
- A joint study was commissioned with all local authorities across Warwickshire to review the current gaps in skills support to enable targeted support for underrepresented sectors. The findings of this study will inform commissioning of specific targeted support using funds from the UK Shared Prosperity Fund.
- The Council has secured £3m over 3 years of funding from the UK Shared Prosperity Fund (UKSPF). In year 1 the Council has committed £0.315m to improvement projects in the Town Centre.
- In February 2023 a new specialised market operator has been appointed to run the Rugby Outdoor Market with aims to increase the number of traders and widen the offer. New stalls have also been procured to improve the look of the market.
- The Rugby Town Centre Regeneration Plan has been adopted, which will provide a once in a generation change for the town centre. To deliver this strategy a £5m reserve has been created in order to pump prime the initial work. Further work is now underway on a delivery action plan to realise its vision.
- 2022/23 saw the return of regular spring and summer free town tours, coordinated by the Visitor Centre and led by the volunteer Rugby Town Guides. 26 Tours welcomed over 200 local residents, international and VIP visitors and local schools discovering Rugby and its heritage.



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- The Council delivered a successful summer events programme with the return of the Cinema in the Park, Town Centre Beach and the Street Circus. 12 films were shown with over 4,500 tickets allocated and over 1,000 people attended the town centre beach.
- Over 1,000 hanging baskets were planted and nurtured, focussing on the Town Centre. Alongside this, 70 barrier troughs were planted, lining Corporation Street.
- The Council is leading a localised approach to levelling up, as it works with various agencies and voluntary and community sector partners to support the Benn and New Bilton Wards with the development of new area action plans.
- Planning permission for over 100 hectares of employment land has been delivered, and the Council has worked with the owners of strategic allocated employment sites to ensure that they are built out and provide jobs and opportunities for residents. All employment units are now built and occupied at Prologis, Ryton. Construction has also begun on the first two employment units by Tritax in South West Rugby.
- Over 1,500 new dwellings received planning permission across the Borough including 90 dwellings on an allocated rural housing site in Wolvey.
- On South West Rugby the first phase of housing for 210 dwellings and a primary school has been granted planning permission and The Homestead Link Road application has been submitted which will provide the highway infrastructure required to allow the south west allocation to be delivered.
- A new mixed use development for the partial demolition and rebuild of Rugby Central has been granted planning permission to kick off the vision for the town centre regeneration.
- The algorithm-based Rent Sense software has enabled the Council to target support to those tenants that are most likely to struggle to pay their rent.
- A successful application for grant funding was made to the Social Housing Decarbonisation fund – securing £1m for external wall insulation to 110 properties over the next 2 years.
- The Council reviewed the way it delivers Housing Advice and Benefits Support to ensure that ease of access for our customers is promoted. As a result of collaborative work with registered providers, the number of customers on the housing waiting list reduced from 494 as at 1 April 2022 to 420 as at 31 March 2023
- The Council prevented 82 households from becoming homeless, supported another 124 households who were homeless and to whom a duty was owed into a home that meets their needs, and supported 76 households by offering them temporary accommodation whilst their homelessness application was progressed.
- 357 new claims for Housing Benefit and 1,287 applications for Council Tax reduction were processed during the year. The Council also supported 444 households to avoid crisis through the allocation of Discretionary Housing Payments.
- The Council Tax Energy Rebate was paid to over 36,000 households totalling over £5.4m in value, on time and with no extra resources.
- Covid pandemic support continued to be provided to business through payment of (Covid Additional Relief Fund (CARF) grants totalling £2.8m.
- The Council determined 1,138 planning applications in accordance with statutory time periods, ensuring that decisions are made efficiently to support economic growth.

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PRINCIPLE E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Arrangements in place

- Each member of the leadership team undertakes professional development appropriate to their role.
- The respective roles of the Chief Executive and Leader are clearly defined.
- The leadership team meets every week and Cabinet meets on a regular basis.
- Section 151 (Chief Finance and Performance) Officer, Monitoring Officer, and Senior Information Risk Owner (SIRO/ CIO – Chief Information Officer) are in post.
- The Constitution sets out roles and responsibilities and the Council's decision-making process. An approved scheme of delegation is in place, updated in December 2021.
- Contract Standing Orders and associated toolkits are in place and are designed to ensure procurement activity is cost effective and ethical.
- Registers of gifts, hospitality, and conflicts of interest in place.
- Gifts and hospitality policy in place.
- Protocol in place setting out the relationship between and roles of members and officers.
- Member training and development programme in place, including dedicated training for planning and licensing committee members.
- Thorough induction processes are in place for all new employees and members, linked to the corporate values.
- Job profiles clearly set out the responsibilities of officers throughout the organisation.
- HR and Learning and Development Strategies, and Corporate Learning Group in place.
- System of regular team meetings and one to one meetings between managers and staff.
- Employee health and wellbeing is actively promoted, and confidential employee counselling support is always available. Staff are encouraged to complete wellbeing action plans and discuss them with their line manager.
- A comprehensive suite of training and development courses is offered to all employees.
- All managers are expected to complete the "Way We Manage" training programme.
- Service Management Team in place.
- The Council has a comprehensive suite of HR policies covering employee capability, disciplinary, recruitment and selection, disciplinary and grievance, and flexible working.
- An established Corporate Apprenticeship Scheme is in place.
- Where projects are required, teams (squads) are put in place based upon the skills and experience available.
- The Council develops the capacity of community and voluntary groups to become more self-sufficient.
- The Council participates in the Local Authority Challenge.
- Officers are encouraged to subscribe to their relevant professional bodies. This is paid for and supports Continuing Professional Development of the workforce.

Effectiveness and future developments

Over 100 managers have completed the Council's "Way We Manage" corporate training programme. This is a significant investment in the workforce. The training includes governance issues such as financial management, performance management, health and safety and procurement procedures.



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There has been a new intake of apprentices across multiple Council services, working in partnership with Warwickshire College.

The Council's suite of HR policies is currently undergoing review and update. The HR Strategy, which is also under review, is aligned with the corporate strategy and values and behaviours framework. There are six key principles set out within the strategy:

- Attract and retain a "CANDO" workforce.
- Develop leadership.
- Build workforce skills and capability.
- Nurture employee engagement and wellbeing.
- Continuous review of terms & conditions and remuneration; and
- Provide an excellent HR service.

A consistent format is in place for one to one meetings between managers and staff. A standard agenda is in use which enables staff development needs to be identified and addressed throughout the year rather than at six monthly or yearly intervals. Furthermore, the training material is aligned to corporate values. The content of the "Way We Manage" training programme is being reviewed to ensure it enables managers to have the right skills to drive excellence. The management training programme has also been extended to include a formal management qualification. The Council has also implemented a training programme – The Way We Work – for new employees to ensure they have all the information about the Council and the skills set to offer excellent services to customers.

The Council has an employee forum and appointed mental health first aiders. These people have been trained in how to spot the signs and symptoms of mental ill health and provide help on a first aid basis. In the same way as learning physical first aid, Mental Health First Aiders know how to recognise those crucial warning signs of mental ill health and feel confident to guide someone to appropriate support. This initiative encourages people to talk more freely about mental health, reducing stigma and creating a more positive culture.

Communication and engagement with employees has been increased through the management team, empowering the workforce to collaborate and take the lead on operational decision making. Employee briefings include a Question & Answer section, and a recent enhancement has led to these being more formally collated and responded to through the internal InTouch communication, enabling employees to see actions being taken as a result.

Council staff were again offered Flu vaccinations, helping to ensure that employees and services were protected through the winter period.

The Council rolled out the Rugby Blueprint in 2022/23. This supports the evolution of the Council's culture, providing a framework of how the organisation will become the best it can be, being more innovative, with empowered decision making at all levels. This includes communities, whom the Council will work with as equal partners to achieve their aspirations and collectively shape the borough and enhance local pride. Investment was also made in performance management, objective setting and coaching skills development training for all the Leadership Team and Management Team. This will support and enable the evolution of the organisation's culture, equipping managers with the skills to embed the Rugby Blueprint. The next steps will be for this training to be rolled out and embedded across all teams during the coming year.

A new member Learning & Development Policy was approved and implemented during the year. This introduced a new way of working for elected members. This overarching policy provides a

APPENDIX A

comprehensive framework for Councillor training, ensuring they have the tools required to effectively carry out their roles.

A programme of upgrading and refreshing the town hall and satellite locations was implemented, improving the working environment for all staff. The opportunity was also taken to improve staff morale, better utilise space and centralise teams that had been working in other buildings, thus reducing overheads. This included the relocation of the Property Repairs service hub, freeing up the Albert Street site to form part of the town centre regeneration plans.

PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management

Arrangements in place

- Risk management strategy in place, which was reviewed and updated during the year.
- Strategic and operational risk registers are in place; the strategic risk register is aligned with the corporate strategy.
- The Leadership Team, Audit & Ethics Committee, Cabinet, Strategic Risk Management Group, and the Health & Safety Committee, all oversee the risk management arrangements.
- The Health & Safety Committee comprises the entire Leadership Team and demonstrates that senior management is taking a lead in risk management.
- A regular risk assessment of the Council's financial reserves and balances is conducted. Key risks are identified, and potential financial impacts are quantified. Reserves are reviewed annually in the context of the risk assessments.
- The annual General Fund budget and level of Council Tax are set taking into account a Section 25 statement from the Chief Officer Finance & Performance on the robustness of estimates and adequacy of reserves.
- A Medium-Term Financial Plan is in place, with an updated version presented to Cabinet in February 2023.
- Updated Medium Term Financial Strategy in place.
- Financial information is published on a regular basis and established and embedded budget setting and monitoring procedures are in place.
- The Council has a 'No PO, no pay' policy in place.
- New financial regulations and instructions are in place.
- Cabinet and Committee system in place including a scrutiny committee and an Audit & Ethics Committee with independent Chair and Vice Chairs.
- Programme Board and project management framework in place.
- Training is provided to all members of the Audit & Ethics, Scrutiny, Planning and Licensing Committees to ensure that they are suitably skilled to carry out their role effectively. The training is also offered to other members who may be interested in taking up future roles on these Committees.
- Counter fraud strategy, fraud response plan and confidential reporting code in place.
- The internal audit service provides an independent and objective annual report and opinion.
- Chief Officers have all completed an annual return declaring that the control environment for their area of responsibility has been followed throughout the year and that the governance arrangements set out in this document are correctly stated.

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- Service planning and Key Performance Indicators (KPIs) are developed in line with the Corporate Strategy.
- Performance data is reported quarterly to Cabinet.
- Data sharing protocols are in place where applicable.
- The Council has a track record of producing and publishing its accounts on time. External audits are also completed on time.
- Shareholders Committee in place to oversee the activity of the Joint Venture trading company and the Caldecott Group.

Effectiveness and future developments

The annual report of the Corporate Assurance and Improvement Manager provides a Substantial level of assurance that the Council has an adequate and effective control environment in place. The Internal Audit Service uses Risk Based Internal Auditing (RBIA), which is recognised as best practice. The work of internal audit is aligned closely with the aims and risk profile of the Council and the service is responsive to emerging issues and risks.

Key decisions are now being taken after formal consultation in relation to risk management, financial implications, legal implications, environmental implications and equality & diversity implications. These matters were already considered by report authors; however, the control is now enhanced because a wider group of key officers now review each proposed decision prior to its submission for approval. This means the Council's decisions are now better informed, and that any significant risks can be documented and managed.

The Medium-Term Financial Strategy sets out the measures being taken by the Council to prepare as far as possible for the future. The Council has continued to implement policies to support its route to financial stability. This includes ongoing work to understand the costs of running the various services and the benefits to customers, ensuring that services are run efficiently and effectively. Significant change will be required to enable the Council to be financially self sufficient. A Programme Board has been established to oversee implementation of the work required, not just to ensure financial sustainability but to transform the way services are delivered for the benefit of residents.

Further improvements in the Council's health and safety governance and risk management arrangements have been implemented, overseen by a Committee, which meets formally every three months, and a new team structure. A health & safety digital 'SHE' system has been implemented, enabling staff to report incidents and concerns. Management of health and safety risk, monitoring and analysis now takes place all on the same system and there is additional oversight through the Management Team. The Safety & Resilience Team has also introduced a number of initiatives to promote, streamline and simplify the management of health and safety at including a safety hub, which is a one stop shop for health, safety and wellbeing information on Facebook. A digital e-learning Safety Videos platform system has also been implemented, featuring a suite of motivational training videos to help managers engage all staff. The Safety and Resilience team updated the Council's Emergency Plan, including further revision after exercises over the course of the year. The Council's Health and Safety Policy has also been revised, reflecting current best practice. The improved governance arrangements highlighted the need for a new Fire Prevention Plan, which is being developed. A staff training gap analysis has also been conducted, and this is being used to inform training plans for 2023/24.

The annual report of external audit for the 2021/22 financial year was reported to the Audit & Ethics Committee in December 2022. The report confirmed there were no significant weaknesses in the



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Council's governance, or its arrangements for securing economy, efficiency and effectiveness. The Value for Money opinion reported in May 2022, which covered the financial year ending 31st March 2021, highlighted that in common with the sector the Council needs to take further steps to secure its medium term financial sustainability. Proactive work has been undertaken and key decisions implemented include:

- The introduction of Planning Performance Agreements and widening the scope of pre-application advice brought in an additional £0.140m to the organisation.
- The Medium Term Financial strategy was updated and adopted for the period 1 April 2023-31 March 2026 and demonstrates that the Council has plans in place to mitigate against its financial challenges.
- The introduction of the budget working group created focused strategic conversations to take place with key stakeholders to deliver the balanced budget.
- The use of savings delivery plans enabled stakeholders to understand the delivery of savings and the impact they have on service delivery.
- The Council collected 98% of Council Tax through the energy crisis and cost of living crisis.
- The Council consulted on a draft charging schedule to enable the introduction of a Community Infrastructure Levy (CIL). Adopting CIL will allow the Council to raise more money from new development to support improvements to local infrastructure.
- The £0.300m corporate savings target was achieved.
- A balanced budget has been set for 2023/24.
- Transformation projects have realised a cashable benefit of £0.286m in 2022/23 and a further £0.463m from April 2023. This includes procurement savings and ensuring that fees are set at levels which cover the costs of running services.
- Through the installation of a dedicated software package, the Council can now analyse service delivery and costs against all local authorities in the country.
- The Council Identified and launched 5 commercialisation pillars which provide a basis for understanding the organisation's appetite for commercial activity.
- 37 hours of finance training was delivered to Budget Managers to support them with delivering and demonstrating value for money within their service.

The Council is progressing implementation of the CIPFA Financial Management code, with oversight by the Budget Working Group. The Group reviews key financial information and oversees key strategic decisions. In early 2023/24 an independent internal audit review of progress will be completed, and an updated action plan agreed.

During the year an additional layer of control was implemented in relation to contract exemption requests. The additional control adds a requirement to liaise with the Council's Procurement Officer prior to submission to the Monitoring Officer and s151 Officer; this ensures there is additional scrutiny and enables inappropriate requests to be identified and filtered out prior to the approval stage. Furthermore, an additional monitoring control was added, with procurement sample checking being completed to gain assurance that budget holders are obtaining and retaining evidence of supplier quotations.

During summer 2022 and with external support, the Leadership and Management Teams developed a new suite of KPIs, key statistics and performance measures which went live during Quarter 2. The measures were then presented to Cabinet as part of the Finance & Performance report for Quarter 3. In addition the Council has subscribed to CFO Insights which enables the Council to compare its performance across a whole range of areas to other Local Authorities. The next evolution, which is

APPENDIX A

currently being progressed, is to establish a powerBI dashboard, which will make information more accessible and easier to understand and interpret. As part of the Corporate Strategy Delivery Plan for 2023/24, work will be completed to further embed the performance management methodology across the organisation. **See Action 4.**

The Council is embracing digital opportunities and nurturing a culture of innovation, and as part of this journey service areas worked collaboratively in the phase one go live of two new systems. New asset management and housing management systems were released, and work is now underway for the phase two development of both systems. These bring a modern and more integrated platform technology for the teams, whilst streamlining several teams' workloads. A new case management system has also been introduced which is being used to manage complaints and Freedom of Information requests. This system allows the Council to manage cases in a single system, with the Management Team able to take full responsibility for cases within their service areas. The take up of electronic delivery of council tax bills increased by 6%, taking the number of households receiving their bill this way to nearly 21,000 (41%).

The Council has adopted and implemented a new Member & Officer Protocol during the year. This is part of the journey of transformation and change in culture. The new protocol establishes key pillars in how members and officers can work together effectively. The implementation of this Protocol has included sessions with the Local Government Association.

An independent internal audit review of the Council's framework for risk management was completed in early 2023 and provided a Substantial level of assurance. The Risk Management Strategy has been updated and a strategic risk register is in place, aligned with the Corporate Strategy. The agendas for the Strategic Risk Management Group are being reviewed and updated, to ensure that meetings focus on strategic matters. It is acknowledged that some operational risk registers are overdue for review, this has been highlighted as a Corporate Strategy delivery action for 2023/24. **See Action 6.**

Following its introduction in 2022/23, the Terms of Reference for the Programme Board is being reviewed and updated, to ensure the framework for monitoring and oversight of delivery of the Corporate Strategy is efficient and effective. This includes a review of the framework for managing projects. A new framework is being developed and is expected to be rolled out by the new Corporate Strategy Delivery Unit in Summer 2023. **See Action 8.**

PRINCIPLE G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Arrangements in place

- A range of information is published including an annual report of internal audit, the financial statements, the annual report of the external auditor and this annual governance statement, which contains an action plan demonstrating a commitment to continuous improvement.
- All reports are subject to a robust internal review process to ensure they are presented in an understandable style.
- The performance information set out in the financial statements is prepared in consideration of the presentational approach adopted by other similar authorities.
- Performance data is reported to Cabinet and the Leadership Team, and is reviewed by the Scrutiny committee.

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- In accordance with the Local Government Transparency Code there is an open data section on the Council's website which includes details of senior officer salaries.
- Details of delegated decisions taken by officers are published on the website.
- Independent scrutiny training has been provided to members, the Democratic Services team and the Leadership Team.
- Implementation of external audit recommendations is monitored by the Chief Finance and Performance Officer.
- Implementation of internal audit recommendations is monitored by the Corporate Assurance Manager & Transformation Lead, and reported to the Audit & Ethics Committee.
- The Corporate Assurance Manager & Transformation Lead is provided with direct unfettered access to the Chief Executive, and Chair and Vice Chairs of the Audit & Ethics Committee.
- The Council submits itself to external peer reviews including by the Local Government Association and has welcomed an equalities and diversity peer review and challenge.
- Regulation of Investigatory Powers Act (RIPA) policy in place.
- Invitations to tender are published along with the contracts register.
- The Council prepares and publishes an annual report setting out its achievements over the last year; this is reviewed and discussed by the Scrutiny Committee.
- Senior officers are members of and attend professional peer working groups. This helps to ensure continuous improvement and enables the Council to implement best practice.

Effectiveness and future developments

The Council's financial statements were again published on time and the annual report of external audit for the 2021/22 financial year confirmed there were no significant weaknesses in the Council's governance, or its arrangements for securing economy, efficiency and effectiveness. The Council's accounts were again approved earlier than most other organisations in the sector, and the draft statements for 2022/23 were published by the statutory deadline. The presentation of the Council's financial statements is designed to make them easy to read and for stakeholders to understand. The design of this annual governance statement is also intended to make it easy to read, and it has been prepared in line with good practice guidelines published by the Chartered Institute of Public Finance & Accountancy (CIPFA).

In March 2023 an independent External Quality Assessment of the Internal Audit service was completed and this confirmed the service is operating "in general conformance with the Public Sector Internal Audit Standards", the highest of three grades available. The assessment benchmarked the service against other Councils and confirmed Rugby Borough Council is above the sector average and was the highest of all Borough and District authorities reviewed by the assessor in 2022/23. The results have been evaluated and some further enhancements identified; these have been included within an updated Quality Assurance and Improvement Plan. **See Action 7.**

The Democratic Services team has been working with Lead Officers across the Council to improve the quality of report writing so that decision making is of the highest quality. A report writing protocol has been implemented. There is a requirement to complete a checklist confirming that all the relevant internal consultees have reviewed each decision making report. This means reports are being presented to members after formal consideration of risk management, financial, legal, equality and diversity, and environmental considerations. The Council is making better informed decisions as a result. The Forward Plan of decisions is being circulated to Lead Officers and Service Managers to ensure effective planning in advance.

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The Chief Officer – Legal and Governance also developed a new Code of Corporate Governance (Internal Constitution) for the Council in 2022/23, which complements the Constitution. It will help to improve Officers’ understanding of delegated decision making and increase awareness of and compliance with policies and procedures. The new Code has been approved by members and is being implemented.

6. PROGRESS ON DELIVERY OF LAST YEAR’S ACTION PLAN

	Improvement Action	Assessment of Progress
1	Develop and implement the new framework for performance management.	<p>In Progress</p> <p>During summer 2022 and with external support, the Leadership and Management Teams developed a new suite of KPIs, key statistics and performance measures which went live during Quarter 2. The measures were then presented to Cabinet as part of the Finance & Performance report for Quarter 3. In addition the Council has subscribed to CFO Insights which enables the Council to compare its performance across a whole range of areas to other Local Authorities. The next evolution, which is currently being progressed, is to establish a powerBI dashboard, which will make information more accessible and easier to understand and interpret. As part of the Corporate Strategy Delivery Plan for 2023/24, work will be completed to further embed the performance management methodology across the organisation.</p> <p>See Action 4 in the updated Action Plan.</p>
2	Implement the new Internal Constitution.	<p>Completed</p> <p>The new Internal Constitution has been approved and is being implemented from April 1st, 2023.</p>
3	Implement the CIPFA Financial Management Code action plan.	<p>In Progress</p> <p>The Council is progressing implementation of the Code, with oversight by the Budget Working Group. The Group reviews key financial information and oversees key strategic decisions. In early 2023/24 an independent internal audit review of progress will be completed, and an updated action plan agreed.</p>
4	Approve and implement the new Councillor Learning and Development policy.	<p>Completed</p> <p>The new policy has been approved by Council, and is being implemented.</p>
5	Complete the formal review and update of the Counter Fraud, Bribery and Corruption Strategy and the independent external review of the framework.	<p>Completed</p> <p>The independent external review has been completed and provided a Substantial level of assurance. The updated Strategy is set to be approved by the Audit & Ethics Committee in June 2023.</p>

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	Improvement Action	Assessment of Progress
6	Implement the action plan arising from the external Auditor's Annual Report on the Council.	Completed The actions identified in the report have been delivered.
7	Commission and complete the External Quality Assessment of the Internal Audit service.	Completed The independent External Quality Assessment has been completed and concluded that the Internal Audit service is operating "in General Conformance" with the Public Sector Internal Audit Standards (the highest of three possible ratings).
8	Deliver the updated Internal Audit Quality Assurance and Improvement plan.	Completed This year's QAIP has been completed. Following the External Quality Assessment, a revised QAIP has been developed for delivery in 2023/24.

7. UPDATED ACTION PLAN

	Action	Lead officer	Target completion date
1	Develop and implement the Anti-Fraud, Bribery and Corruption Action Plan.	Corporate Assurance Manager	31/03/2024
2	Implement the Action Plan arising from the internal audit review of Data Protection and Records Management.	Management Team	31/03/2024
3	Implement the Action Plan arising from the whistleblowing investigation.	Chief Officer Finance & Performance	31/12/2023
4	Complete the planned work to further embed the performance management methodology across the Council. This includes: <ul style="list-style-type: none"> development of a process for personal objective setting for all staff. ongoing review of the performance measures to ensure the framework remains fit for purpose. service managers being required to attend a Leadership Team where their performance is below target. regular review of performance by the Management Team. 	Chief Officer Finance & Performance	31/03/2024

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	Action	Lead officer	Target completion date
5	Implement the revised CIPFA Financial Management Code Action Plan.	Chief Officer Finance & Performance	31/12/2023
6	Complete the review and update of Operational Risk Registers, ensuring that Service Managers effectively manage the risks in their area of responsibility.	Chief Officer Finance & Performance	31/03/2024
7	Implement the new Quality Assurance and Improvement Plan for the Internal Audit service.	Corporate Assurance Manager	31/03/2024
8	Implement the new project management methodology and Programme Board Terms of Reference.	Transformation Lead	30/09/2023

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8. SUMMARY, CONCLUSION AND CERTIFICATION

- 8.1 Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people in the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness, and honesty. It is the foundation for the delivery of good quality services that meet all local people’s needs. It is fundamental to showing public money is well spent. Without good governance the Council will struggle to deliver the outcomes set out in the corporate strategy.
- 8.2 This statement has been considered by the Audit & Ethics Committee, which was satisfied that it is an accurate reflection of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Several future developments have been highlighted and these are specifically addressed within the Action Plan.
- 8.3 This year’s statement shows the governance framework has been maintained and in a number of areas improved during the year. The Council is satisfied that its overall governance framework provides a substantial level of assurance of effectiveness, although several further development areas have been highlighted. Delivery of the Action Plan will be monitored during 2023/24.
- 8.4 Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Council to ensure an effective internal control environment is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operation.

Mannie Ketley – Chief Executive

Date:

Councillor Derek Poole - Leader of Rugby Borough Council

Date:

AGENDA MANAGEMENT SHEET

Report Title:	Risk Management Strategy and Strategic Risk Register
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	20 July 2023
Report Director:	Chief Officer - Finance and Performance
Portfolio:	Finance, Performance, Legal and Governance
Ward Relevance:	None
Prior Consultation:	Chief Officer - Finance and Performance Leadership Team Strategic Risk Management Group
Contact Officer:	Chris Green, Corporate Assurance Manager and Transformation Lead, chris.green@rugby.gov.uk
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	This report relates to the following priority(ies): <input checked="" type="checkbox"/> Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C) <input checked="" type="checkbox"/> Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E) <input checked="" type="checkbox"/> Residents live healthy, independent lives, with the most vulnerable protected. (HC) <input checked="" type="checkbox"/> Rugby Borough Council is a responsible, effective and efficient organisation. (O) Corporate Strategy 2021-2024 <input type="checkbox"/> This report does not specifically relate to any Council priorities but
Summary:	The report sets out the updated Risk Management Strategy for approval. It also details the Council's strategic risks and the arrangements in place for monitoring and managing those risks.

Financial Implications:	No direct implications.
Risk Management/Health and Safety Implications:	<ol style="list-style-type: none"> 1. As contained within the revised Risk Management Strategy at Appendix A. 2. If the Audit and Ethics Committee does not endorse the strategy, the Council's approach to risk management will not be properly documented and outdated processes could be followed. 3. Failure to implement, improve and embed an effective risk management strategy would increase the risk that the Council does not achieve its objectives.
Environmental Implications:	No direct implications.
Legal Implications:	Section 3 of the Accounts and Audit Regulations 2015 states that the Council must ensure it has a sound system of internal control which includes effective arrangements for the management of risk.
Equality and Diversity:	There are no equality considerations arising from this report.
Options:	None
Recommendations:	<ol style="list-style-type: none"> 1) IT BE RECOMMENDED TO COUNCIL THAT the Risk Management Strategy be approved. 2) The Strategic Risk Register be considered and noted.
Reasons for Recommendation:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 20 July 2023

Risk Management Strategy and Strategic Risk Register

Public Report of the Chief Officer - Finance and Performance

Recommendations

- 1) IT BE RECOMMENDED TO COUNCIL THAT the Risk Management Strategy be approved.
- 2) The Strategic Risk Register be considered and noted.

1. Introduction

- 1.1 The Council introduced its first Risk Management Strategy in 2003. Since then progress has been made in implementing both Operational and Strategic Risk Management across the organisation.
- 1.2 The previous Risk Management Strategy was endorsed by the Audit and Ethics Committee in June 2022.

2. Report Details

Risk Management Strategy

- 2.1 The new Risk Management Strategy is included with this report at **Appendix A**. The only amendments to the Strategy this year are to:
 - reflect the change in Leader; and
 - refine the arrangements for reporting new 'High' rated risks, or risks which are upgraded to 'High', to the Audit and Ethics Committee.
- 2.2 In addition to the above, the Corporate Assurance and Improvement Team has delivered a training package for a cohort of new managers as part of 'The Way We Manage' programme. This included training on managers' role and responsibilities in relation to risk management.

Strategic Risk Register

- 2.3 The Strategic Risk Register was developed with the Leadership Team and Strategic Risk Management Group to align it with the Corporate Strategy. A separate risk register is in place for each strand of the Corporate Strategy, under the headings of Economy (**Appendix B**), Climate (**Appendix C**), Homes and Communities (**Appendix D**), and Organisation (**Appendix E**).

2.4 In accordance with the Risk Management Strategy the Audit and Ethics Committee receives reports which provide assurance on the effective management of the Council's 'Top Level' risks. This report provides details of those risks but has been expanded to provide members with the full Strategic Risk Register.

2.5 It is not always possible to eliminate risk and given the nature and breadth of the Council's activity and the ever-changing climate within which it operates, high level risks are unavoidable. It is also possible that risks are rated as high level even though controls are in place to manage the level of risk. However, a high-risk score is not necessarily a negative risk, it is purely the true indication of the likelihood of an event happening and the impact it could have. In such situations the level of risk could be even higher without those controls. Risk management is an ongoing process, which involves continual identification, analysis, treatment and monitoring. The Council's approach to managing each risk depends upon the nature of the issue at hand. There are four options:

- *Tolerate* – Decide to live with the risk and the possibility that it might occur and its possible consequences.
- *Terminate* – Eliminate the risk, usually by deciding to change a course of action or stop a particular activity.
- *Transfer* – Some of the financial risk may be transferred and it may be possible to transfer liability through contractual arrangements.
- *Treat* – Control the risk and take action to reduce the likelihood that an event will occur or the impact if it does.

2.6 In order that risks may be prioritised according to their severity, the Council operates a traffic light system. Risks are scored within one of the following levels:

Risk Rating	Level of Risk	Prioritisation
8-16	High (Red)	Immediate attention
4-6	Medium (Amber)	Moderate risk, mitigation action
1-3	Low (Green)	Regular review

The Council's 'Top Level' risks are those which are assessed as 'red'. There are seven 'Top Level' risks within this report and details are included within **Appendices B to E**.

Name of Meeting: Audit and Ethics Committee
Date of Meeting: 20 July 2023
Subject Matter: Risk Management Strategy and Strategic Risk Register
Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



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RISK MANAGEMENT STRATEGY

JULY 2023

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SECTION ONE - Rugby Borough Council Risk Management Statement

Risk Management is a business critical consideration for everyone at Rugby Borough Council. It is imperative that RBC demonstrate to the public, and all other stakeholders, that full consideration has been given to all risks when delivering services for the residents and businesses in the local area.

This Strategy outlines how RBC will manage risk through identification, analysis, treatment and monitoring of each risk. This Strategy also details the roles and responsibilities for all employees and members. The Council is committed from the top down to ensuring this strategy is implemented successfully. Everyone has a part to play to ensure that this process is embedded as an integral element of the daily operational and strategic thinking used at RBC. We will continue to embrace and develop risk management to ensure that it is built in and not bolted on to achieve a focused approach to risk management.



.....
Derek Poole
Leader of the Council



.....
Mannie Ketley
Chief Executive



.....
Jon Illingworth
Chief Officer
Finance and Performance



.....
Carolyn Robbins
Portfolio Holder
Finance, Performance, Legal
and Governance

SECTION TWO - Introduction

2.1 Background

The Council introduced its first Risk Management Strategy in 2003. Since then, steady progress has been made in implementing Risk Management throughout the organisation with changes and improvements such as:

- An annual review of the Risk Management Strategy to ensure it is up to date and relevant as well as meeting the demands of continually changing audit requirements
- Utilisation of new software to manage and enhance the process, such as RPMS
- Regular reviews of the Strategic Risk Register by the Strategic Risk Management Group and ongoing re writing of this risk register to work alongside revised Corporate Strategies and Priorities
- Changes to the reports to Audit and Ethics Committee to meet the requirements of the committee
- Reviewing and amending how operational risk registers are monitored and reported
- Relaunching the Strategic Risk Management Group
- Implementing and developing project risk registers
- Inclusion of Risk Management as a topic on the Employee Induction Day
- The Risk Management and Insurance Officer becoming an active member of project groups such as the design and build of new housing projects
- Developing and implementing a corporate approach to risk management at speed during the pandemic emergency.
- Embedding consideration of risk management implications in advance of key decisions being taken by the Council.

This latest revision of the Strategy aims to look at the future plans for Risk Management in RBC and the future work planned to ensure that Risk Management becomes embedded in the every day work of the Council.

2.2 What is Risk Management?

Risk Management can be defined as: -

'Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk Management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements'

(Audit Commission)

2.3 The Benefits of Risk Management

The benefits of an effective Risk Management programme are numerous, a selection of the benefits are: -

- Increased focus on the action(s) that should be taken to meet objectives
- Improved delivery of services
- Effective management of change
- Delivering better Value For Money
- More efficient use of resources
- Supporting innovation
- Reduced complaints
- Protection of, and improved, reputation
- Getting things right first time
- Continual assessment of business opportunities

The term Risk Management also includes the management of opportunities, as risk should not be considered just as a negative. The management of opportunities is as important as the management of risk, and we should always look to see if there is a positive outcome to any risk.

An opportunity is the chance to take a positive outcome from a risk. It is an action that could enhance the ability to achieve the objective and could be shared to maximise the potential benefits to others as well as the operational business area. It could be the chance to take advantage of a new system, process or technology. Taking that action could increase the likelihood of positive impact of that opportunity.

2.4 Risk Appetite

The Council must take risks in order to achieve its strategic objectives and deliver beneficial outcomes to the community. Risks will be taken in a considered and controlled manner. Exposure to risks will be kept to a level of impact deemed acceptable by the Strategic Risk Management Group, and the level of acceptable risk may vary from time to time.

SECTION THREE – Purpose & Objectives

3.1 Purpose

The purpose of this Strategy is to set out Rugby Borough Council's approach to Risk Management, including outlining roles and responsibilities, reporting and communication methods and a description of the 4 stages of the Risk Management process.

It is a continuous and developing process, which ultimately aims to create a culture of risk awareness within the Council whereby staff and Members naturally consider risk issues as a part of day-to-day activities.

The Strategy is designed to be a reference source rather than to provide detailed answers to specific questions. It is a foundation for embedding a Risk Management culture across the organisation but is not intended to be a manual.

3.2 Objectives

The objectives of the Risk Management Strategy are to:

- 3.2.1 Develop Risk Management and raise its profile across the Council
- 3.2.2 Integrate Risk Management into the culture of the Council
- 3.2.3 Embed Risk Management through the ownership and management of risk as part of all business planning and decision making processes
- 3.2.4 Manage risks in accordance with best practice
- 3.2.5 Prevent injury, damage and losses and to reduce the cost of risk
- 3.2.6 Raise awareness of the need for Risk Management by all those connected with the Council's delivery of services

These objectives will be achieved by: -

- Establishing clear roles and responsibilities and reporting lines within the Council for Risk Management
- Reinforcing the importance of effective Risk Management as part of the everyday work of employees
- Developing training and awareness
- Including Risk Management as an agenda item at meetings
- Providing relevant training on Risk Management to employees and Members
- Continuing to demonstrate the application of Risk Management principles
- Making all partners, providers and delivery agents aware of the Council's expectations on risk, both generally as set out in its Risk Management policy, and where necessary in particular areas of service delivery
- Maintaining a Risk Management framework that will secure the consideration and review on a rolling basis of the Strategic and Operational risks confronted by the Council
- Inclusion of Risk Management in service plans

SECTION FOUR – Risk Management Process

4.1 Process

Risk Management is an ongoing process, which involves continual identification, analysis, treatment and monitoring of the risks and opportunities faced by the Council.

4.2 Risk Identification

The first step is to identify the 'significant' risks that could cause an objective not to be achieved as expected and, as a result, have an adverse impact upon the Council. (*Section 4.3 describes what is classed as a significant risk*). It is important that those involved with the process clearly understand the service or organisation's key business objectives to be able to identify the potential barriers to their achievement.

The identification of risk should happen in all business areas.

4.3 Risk Analysis

The information gathered is then analysed by completing a Risk Assessment. The assessment details the risks to the achievement of a specific business objective, the opportunities that can be gained from that risk, the consequences of the risk and any existing internal controls.

The analysis will then consider the likelihood and impact of the risks. An initial score against likelihood and impact is made (see Appendix 1, Risk Matrices).

In order that risks may be prioritised according to their severity, the Council operates a traffic light system. Risks are scored within one of the following levels: -

Risk rating:

8–16	High Risk (Red)	Immediate attention
4-6	Medium Risk (Amber)	Moderate risk, mitigation action required
1–3	Low risk (Green)	Regular review

Amber and red risks are classed as '*significant*' risks. All risks are to be kept under review so as to identify when the likelihood or impact is changing (or will change) and to therefore enable further control actions to be determined and implemented.

4.4 Risk Treatment / Control

Once a risk has been identified and analysed, a decision must be made as to how the Council will react. There are four options: -

1. *Tolerate* – Decide to live with the risk and the possibility that it might occur and its possible consequences, but continue to monitor
2. *Terminate* – Eliminate the risk, usually by deciding to change a course of action or stop a particular activity

3. *Transfer* – Some of the financial impact of a risk may be transferred and it may be possible to transfer liability through contractual arrangements
4. *Treat* – Control the risk and take action to reduce the likelihood that an event will occur or the impact if it does.

The existing controls need to be reviewed before considering further action as these controls may no longer be relevant.

The potential for controlling the risks identified further will be investigated through an Action Plan. The implementation of the Action Plan is monitored through RPMS, the Council's performance management system.

4.5 Risk Monitoring and Reporting

Effective Risk Management requires an appropriate reporting and review structure to ensure that risks and opportunities are effectively identified and assessed and that appropriate control measures are in place.

The process requires regular reviews in order to provide the maximum benefit to the Council, including the Strategy, and all the processes and activities outlined within it, to ensure their effectiveness.

A framework of monitoring & reporting has been established to allow regular monitoring to take place.

This requires: -

Cabinet - To receive annual updates on the position of the Council's Risk Management programme; to review the Strategic Risk Register and any amendments made to it and to agree the Risk Management Strategy and any changes made. To appraise options contained within submitted reports.

Audit and Ethics Committee – To consider the effectiveness of the Council's Risk Management arrangements. To receive annual reports which provide assurance on the effective management of the Council's 'Top Level' risks and to agree the Risk Management Strategy and any changes made. In addition, to receive reports whenever an existing risk is upgraded to being 'Top Level', or a new 'Top Level' risk has been identified.

Leadership Team - To review the Strategic Risks on a quarterly basis and respond to any actions for which they are responsible in the interim.

Individual Risk Owners – To regularly monitor Risk Registers and Action Plans at team meetings – making any adjustments within RPMS or reporting them to the Risk Management and Insurance Officer; to implement and monitor outstanding actions and monitor the effectiveness of the actions in controlling the risks; to identify new risks / opportunities and to regularly review the Operational Risk Registers.

Strategic Risk Management Group – to consider and discuss regular updates received from the Risk Management and Insurance Officer and Risk Owners on outstanding risk actions and to annually review the Risk Management Strategy.

The risk process itself will be reviewed annually to ensure that it is still appropriate and includes learning from other Authorities. Training and research can be applied.

4.6 Risk Management Fund

The Corporate Assurance Manager is responsible for a small Risk Management fund. Service areas can 'bid' for full or partial funding for Risk Management initiatives that will benefit the Council as a whole.

SECTION FIVE – Links with Existing Processes

As detailed in Section 1, the Risk Management Statement, Risk Management is a business critical consideration for everyone at Rugby Borough Council. Everyone has a part to play to ensure that this process is embedded as an integral element of the daily operational and strategic thinking used at RBC. It is imperative that we demonstrate that full consideration has been given to all risks when delivering services for the residents and businesses in the local area.

Effective risk management is fundamental to the success of any organisation and the diagram below illustrates how it links with other management processes.



The following paragraphs set out each stage of our risk management process in detail.

5.1 Action Planning

The Council's objectives are set out within the Corporate Strategy. The current Corporate Strategy covers the period 2021-2024 and details the objectives for each portfolio area.

The action planning process is the mechanism through which the Council's objectives are translated into actions. The process involves, for each operational team:

- Identifying and documenting the key projects and change initiatives (actions) which will enable services to achieve their objectives in line with the Corporate Strategy;
- Identifying and documenting the risks associated with delivering those projects and initiatives (and therefore the Council's objectives); and
- Identifying and documenting the key performance indicators (KPIs) which demonstrate that Council services are performing well.

Risk Owners are expected to monitor the risks associated with delivering service objectives during team meetings and as part of normal day to day business.

5.2 Performance Management

The monitoring of the Risk Management action plans is currently facilitated through the performance management software RPMS. Risk Owners will monitor and update risk assessments and actions plans on a regular basis.

5.3 Project Management

Work is currently in progress to improve the robustness of Risk Management within projects, with project risk registers being used more now than ever before with a register in place for each specific project.

5.4 Partnerships

The Council defines a partnership as “working with another organisation to deliver common objectives with a formal agreement of roles (through contract, memorandum of understanding, funding agreement, Service Level Agreement etc)”.

The Council has entered into a number of partnerships which have common objectives in line with its Corporate Strategy. Decision making processes are documented for each partnership and there are risk registers in place for significant partnerships, which are effectively managed and monitored.

5.5 Reporting

Each report prepared for Cabinet / Panels requires that the report writer consider the risks and benefits associated with each option presented within the report.

5.6 Emergency Planning and Business Continuity

The Council, as required by the Civil Contingencies Act 2004, assesses the risk of emergencies occurring and uses this to inform contingency planning; implement emergency plans and business continuity management arrangements. The Council also implements arrangements to inform and advise the public, share information, and co-operate with other local responding agencies in the event of an emergency, and provide business continuity management to business and voluntary organisations.

The Council is a member of the Warwickshire Local Resilience Forum (LRF). The LRF consists of all agencies involved with emergency response in our communities, inclusive of emergency services, local authorities and NHS bodies. Collectively, the LRF maintains a Community Risk Register which supports agencies and the public in understanding the likelihood and severity of emergencies, and how to prepare and respond.

To support the Council in responding to an emergency, there is an Emergency Management Plan, and a plethora of supporting documentation and suite(s) of training.

The Council is developing a Business Continuity Policy to provide a framework of Business Continuity Management across the authority, this will be supported by operational business continuity plans with particular focus on critical services.

5.7 Health and Safety

The Council has demonstrated a commitment to Health and Safety with the development of policies and guidance specifically addressing the management of risk.

It is essential that the established links to the Risk Management process be maintained with emphasis on identification, analysis, treatment/control and monitoring of risks. The commitment and involvement of all employees will be supported at service level by specific training and guidance.

5.8 Corporate Strategy

The Strategic Risk Register aims to address all elements of risk in delivering the Council's corporate objectives. These in turn cascade into the Operational Risk Registers. The Leadership Team need to consider the Risk Management Strategy in line with the Corporate Strategy.

5.9 Internal Audit

The Council has implemented Risk Based Internal Auditing (RBIA), which is recognised best practice. Actions arising from internal audits are subject to a risk assessment. The linkages between the results of internal audits, relevant risks, and their mitigating actions is therefore enhanced. The process also facilitates more regular and timely updates of the Operational Risk Registers by Risk Owners during the course of the year with the Corporate Assurance and Improvement Team providing oversight and challenge as required.

5.10 Insurance

Insurance is a key form of risk management, and the Council has a number of policies in place which are designed to protect it from contingent or uncertain losses. The policies cover the Council's assets including property and fleet, as well as employers' and public liability.

The Council's insurance premiums are determined by a number of factors, one of which is its claims history. Minimising the level and impact of insurance claims helps the Council to keep its insurance premium costs as low as possible. The Council therefore proactively manages the risk of insurance claims in a number of ways, including through operational health and safety management and education of fleet vehicle users.

SECTION SIX – Information and Communication

6.1 Information

Risk Management information is available from a number of different sources:

- Intranet web page
- Individual managers
- Risk Champions (see Appendix 3, Contact Information)
- Corporate Assurance Manager (see Appendix 3, Contact Information)
- Risk Management and Insurance Officer (see Appendix 3, Contact Information)

6.2 Communication

Risk Management at Rugby Borough Council is an evolving process, therefore regular communication with staff and managers is essential to ensure everyone is kept up to date and has the opportunity to further their understanding of the Council's risk programme.

Risk information updates and general awareness are communicated through a number of different sources:

- Intranet updates
- Team meetings
- Workshops and awareness sessions
- New employee induction day
- Members Briefings

SECTION SEVEN – Roles and Responsibilities

The following describes the roles and responsibilities that Members and Officers will play in embedding and owning Risk Management:-

7.1 Cabinet and other Elected Members

- To oversee the effective management of risk by Council Officers
- To annually consider the Strategic Risk Register
- To take decisions which are informed by an assessment of associated risks
- To approve overall strategic Risk Management proposals
- To agree the Risk Management Strategy and any changes to the Strategy

7.2 Leadership Team

- To ensure that the Council manages risk effectively through the development of a comprehensive Risk Management Strategy and the analysis and control of strategic risks
- To take decisions which are informed by an assessment of associated risks
- To provide corporate direction to all Risk Management proposals and to support the Strategic Risk Management Group
- To review the Strategic Risk Register
- To receive and consider an annual report on the Risk Management Strategy
- To identify any emerging strategic risks and report them to the Strategic Risk Management Group
- To identify any movements in the likelihood and / or impact severity of existing Strategic risks
- To be the service liaison for strategic and operational risks
- To include Risk Management and emerging risks through business planning and decision making
- To provide oversight and challenge

7.3 Strategic Risk Management Group

- To support the Council and its services in the effective development, implementation and review of the Risk Management Strategy
- To review the Risk Management Strategy on an annual basis
- To review the Strategic Risk Register and to identify and support any emerging Strategic risks
- To provide training on and to otherwise facilitate the practice of good Risk Management for Councillors and Officers
- To provide oversight and challenge
- To review the full risk portfolio to ensure it is acceptable

7.4 Risk Champions

(see appendix 3, Contact Information)

- To be a member of the Strategic Risk Management Group
- To support the Leadership Team and Service Managers in the effective management of risk
- To champion Risk Management within their service
- To be their service liaison for Strategic and Operational risks
- To disseminate Risk Management information
- To facilitate and encourage good Risk Management practices
- To co-ordinate the Operational Risk Assessment programme for their service

7.5 Service Managers

- To manage their service whilst taking in to account all associated risks
- To consider the positive and negative aspects of risk in all decisions taken
- To consider and produce/review and take ownership of Operational Risk Registers for their service areas during their business planning process and to report these assessments to the Risk Management and Insurance Officer
- To consider and record additional or strengthened controls that are needed to protect their service area and to incorporate these in to their service action and improvement plans
- To report these assessments, actions and improvement plans to the Risk Management and Insurance Officer

7.6 Risk Management and Insurance Officer

Although the Risk Management and Insurance Officer does not own the risk, this sits with the Risk Owner, they do provide the following areas of support and advice:

- To advise and assist the Strategic Risk Management Group in their functions
- To facilitate meetings of the Strategic Risk Management Group
- To provide day-to-day Risk Management advice to Council Officers and Members
- To assist in the development of the Council's Risk Management programme in association with external advisors and Council Officers
- To advise and assist the Leadership Team with the quarterly reviews of the Strategic Risk Register
- To maintain a continuous review of the adequacy of the Risk Management programme
- To advise on progress reports to Cabinet and to Audit and Ethics Committee
- To advise on annual reports on the Council's 'Top Level' risks to Audit and Ethics Committee
- To advise on an annual report on the Strategic Risk Register to Cabinet
- To advise on an annual report on the Risk Management Strategy to Cabinet and to Audit and Ethics Committee
- To review systems and procedures for Risk Management and implement improved working practices wherever possible
- To review Strategic and Operational risk registers on a regular basis

- To maintain a continuous review of the adequacy of the Risk Management programme
- To identify instances of best practice through networking and discussions with brokers

7.7 All Employees

- To manage risk effectively in their job
- To report risks to their Service Managers, Risk Champions or the Risk Management and Insurance Officer
- To have an understanding of the risks identified within their service area
- To assist in the identification and control of risk
- To complete the options appraisal on all Leadership Team, Panel and Cabinet reports

STRATEGIC RISK MATRIX

APPENDIX 1

<u>LIKELIHOOD</u>		
Almost certain	= Strong/very strong/inevitable possibility (over 75%)	Score 4
Possible	= Likely to occur (50% – 75%)	Score 3
Unlikely	= Slight chance/could occur (10% – 49%)	Score 2
Remote	= Almost impossible/only occurring in exceptional circumstances (Below 10%)	Score 1

<u>IMPACT</u>		
Extreme	= Financial loss over £1m, significant service disruption, disabling injury/death, adverse national media coverage, severe stakeholder concern	Score 4
Major	= Financial loss of between £250,000 and £1m, major service disruption, major injury, adverse regional media coverage, significant stakeholder concern	Score 3
Moderate	= Financial loss of between £50,000 and £250,000, moderate service disruption, loss time injury, local media coverage, more service user complaints, moderate stakeholder concern	Score 2
Minor	= Financial loss up to £50,000, short term inconvenience, minor injury, isolated user service complaints, stakeholder concerns	Score 1

		Likelihood			
		1	2	3	4
Impact	4	M	H	H	H
	3	L	M	H	H
	2	L	M	M	H
	1	L	L	L	M
		1	2	3	4

OPERATIONAL RISK MATRIX

<u>LIKELIHOOD</u>		
Almost certain =	Strong/very strong/inevitable possibility (over 75%)	Score 4
Possible =	Likely to occur (50% - 75%)	Score 3
Unlikely =	Slight chance/could occur (10% - 49%)	Score 2
Remote =	Almost impossible /only occurring in exceptional circumstances (Below 10%)	Score 1

<u>IMPACT</u>		
Extreme =	Financial loss over £250,000, total service loss for a significant period, fatality/disabling injury, adverse national media coverage, severe stakeholder concern, mass complaints	Score 4
Major =	Financial loss of between £75,000 and £250,000, major service disruption, major injury, regional media coverage, significant user complaints, significant stakeholder concern	Score 3
Moderate =	Financial loss of between £10,000 and £75,000, moderate service disruption, loss time injury, local media coverage, more service user complaints, stakeholder concern	Score 2
Minor =	Financial loss up to £10,000, short term inconvenience, minor injury, isolated user service complaints, minor local media coverage, minor stakeholder concerns	Score 1

		Likelihood			
		1	2	3	4
Impact	4	M	H	H	H
	3	L	M	H	H
	2	L	M	M	H
	1	L	L	L	M
		1	2	3	4

PROJECT RISK MATRIX

<u>LIKELIHOOD</u>		
Almost certain =	In excess of 50% possibility	Score 4
Possible =	Between 25% and 50% possibility	Score 3
Unlikely =	Between 10% and 25%	Score 2
Remote =	Below 10%	Score 1

<u>IMPACT</u>		
Extreme =	Financial change in excess of 20% of budget National media coverage, permanent impact on reputation Change in output of more than 80%	Score 4
Major =	Financial change of between 11% and 20% of budget Local media/TV coverage, long term impact on reputation Change in output of between 50% and 80%	Score 3
Serious =	Financial change of between 5% and 10% of budget Local newspaper coverage, temporary impact on reputation Change in output of between 25% and 50%	Score 2
Minor =	Financial change of less than 5% of budget Local gossip, internal impact on reputation Change in output of under 5%	Score 1

		Likelihood			
		1	2	3	4
Impact	4	M	H	H	H
	3	L	M	H	H
	2	L	M	M	H
	1	L	L	M	M
		1	2	3	4

STRATEGIC RISK MANAGEMENT GROUP

TERMS OF REFERENCE

The role of the Strategic Risk Management Group (SRMG) is crucial to the implementation of a successful Risk Management programme.

The SRMG is a facilitating group and will enable and empower all aspects of a Risk Management programme, providing where necessary, links with Insurance, Health and Safety, Emergency Planning and Business Continuity.

The SRMG will be the focal point for co-ordinating the Strategic and Operational Risk Registers.

The terms of reference of the SRMG are:-

- To support the Council and its services in the effective development, implementation and review of the Risk Management Strategy
- To identify and monitor key Risk Management indicators and matrices
- To produce an annual report reviewing the Risk Management Strategy to the Audit and Ethics Committee and Cabinet
- To identify and support the identification of any emerging Strategic risks
- To review the Strategic Risk Register on a quarterly basis and respond to any actions for which they are responsible in the interim
- To share good Risk Management practice within the Authority
- To provide training on, and to otherwise facilitate, the practice of good Risk Management for Councillors and Service Officers
- To review and consider progress on the delivery of the Annual Governance Statement Action Plan
- To review significant issues arising from the work of Internal Audit

MEMBERS

The Strategic Risk Management Group comprises of the following staff:-

- Chief officer representatives from:
 - Leisure and Wellbeing
 - Legal and Governance
 - Finance and Performance
 - Regulation and Safety
 - Digital Communications
 - Growth and Investment
 - Operations and Traded Services
 - Communities and Homes
- Chief Executive
- Deputy Chief Executive
- Corporate Assurance Manager
- Risk Management and Insurance Officer
- Safety and Resilience Manager

- The Council's Risk Management and Insurance consultant representative
- The Council's Risk Member Champion (usually the Finance, Performance, Legal and Governance Portfolio Holder)

The Chief Officer – Finance & Performance will act as the Group Chair. Additional members of staff will attend the Group as and when their expertise are needed.

Each of the representatives is a Risk Champion for their area and will be responsible for co-ordinating the Risk Management programme within their own service. This will include:

- To be a member of the Strategic Risk Management Group
- To support Service Managers in the effective management of risk
- To champion Risk Management within their service
- To be their service liaison officer for Strategic and Operational risks
- To disseminate Risk Management information
- To facilitate and encourage good Risk Management practices
- To co-ordinate the Operational Risk Register reviews for their service areas

CONTACT INFORMATION

Risk Champions:

Elected Members	Cllr Carolyn Robbins	Ext: 3401
	carolyn.robbsins@rugby.gov.uk	
Communities and Homes	Michelle Dickson	Ext: 3843
	michelle.dickson@rugby.gov.uk	
Leisure and Wellbeing	Tom Kittendorf	Ext: 3749
	tom.kittendorf@rugby.gov.uk	
Growth and Investment	Nicola Smith	Ext: 3720
	nicola.smith@rugby.gov.uk	
Legal and Governance	Aftab Razzaq	Ext: 3521
	aftab.razzaq@rugby.gov.uk	
Finance and Performance Group Chair	Jon Illingworth	Ext: 3410
	jon.illingworth@rugby.gov.uk	
Regulation and Safety	David Burrows	Ext: 3806
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Digital Communications	Mike Connell	Ext: 3466
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Operations and Traded Services	Claire Preston	Ext: 3309
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Chief Executive	Mannie Ketley	Ext: 3430
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Deputy Chief Executive	Dan Green	Ext: 3801
	dan.green@rugby.gov.uk	
Safety and Resilience Manager	Wendy Browett	Ext: 3841
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Risk Management and Insurance

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RUGBY BOROUGH COUNCIL STRATEGIC RISK REGISTER

APPENDIX B

<p>CORPORATE STRATEGY PRIORITY : ECONOMY</p> <p>RISK TYPE : Strategic</p> <p>COMPLETED BY: Leadership Team DATE: June 2023</p>	<p style="text-align: right;"><i>[Risk Management Officer to complete]</i></p> <p>Risk Code :</p> <p>Category :</p>
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Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
Lack of resource, or no strategies to identify where economic development will be supported. (1) Owner: Nicola Smith	- Learn lessons and identify more innovative solutions	-Loss of income -Stakeholder concern -Political intervention -Adverse media coverage -Unemployment and poverty -Reputational damage -Corporate Strategy objective not achieved. The borough might not be successfully promoted as a place to do business.	-Town Centre and local masterplans in place -Local Plan adopted -Alignment of strategic objectives with those of partners including the Combined Authority, Local Enterprise Partnership, Business Improvement District and the Growth Hub -Promotional website in place -Promotion and support of town centre events such as Bike Fest and the Christmas Lights switch on	2	3	6	↔
Insufficient or ineffective engagement with partners. (2) Owner: Nicola Smith		-Stakeholder concern -Political intervention -Adverse media coverage -Reputational damage -Corporate Strategy objective not achieved. Economic growth might not be consistent with social and environmental priorities	-Various Supplementary Planning Documents in place -Adopted Local Plan in place -Housing Strategy -Climate Change strategy approved	2	2	4	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Lack of funding, or a lack of local skills, or other external factors.</p> <p>(3)</p> <p>Owner: Nicola Smith</p>		<ul style="list-style-type: none"> -Stakeholder concern -Political intervention -Adverse media coverage -Unemployment and poverty -Corporate Strategy objective not achieved. Local businesses might not thrive and provide jobs for residents. 	<ul style="list-style-type: none"> - Provision of grant support to businesses - Financial support provided to the Business Improvement District - Additional grants provided to businesses via the Growth Hub -Town Centre Regeneration Strategy approved. 	2	2	4	↔
<p>The town centre strategy might be poorly designed.</p> <p>(4)</p> <p>Owner: Nicola Smith</p>		<ul style="list-style-type: none"> -Stakeholder concern -Political intervention -Adverse media coverage -Reputational damage -Business failures, economic decline, and deprivation - Corporate Strategy objective not achieved. The Council might not develop and promote the town centre successfully as a place to live, socialise and work. 	<ul style="list-style-type: none"> - Engagement with stakeholders – businesses, public, experts, so the strategy reflects what the Borough needs - Effectively designed process for review and approval of the strategy - Flexibility built into the strategy -Town Centre strategy approved 	1	3	3	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Local education providers might not offer the right courses.</p> <p>(5)</p> <p>Owner: Michelle Dickson</p>		<ul style="list-style-type: none"> -Stakeholder concern -Adverse media coverage -Deprivation -Local jobs taken by people from outside the borough - Corporate Strategy objective not achieved. Residents might not have the skills they need to meet local demand. 	<ul style="list-style-type: none"> - Very wide range of courses and qualifications available - Significant number of education providers available 	1	3	3	↔
<p>Development policies have insufficient flexibility, or there is insufficient funding or capacity.</p> <p>(6)</p> <p>Owner: Nicola Smith</p>		<ul style="list-style-type: none"> -Stakeholder concern -Adverse media coverage -Deprivation -Reputational damage - Corporate Strategy objective not achieved. The Council might not regenerate neighbourhoods that need support and build communities that sustain change 	<ul style="list-style-type: none"> - Supplementary Planning Documents in place - Local Plan and review in place - Capital Strategy - New Housing Strategy approved 	2	3	6	↔

Original Risk Score	Further Action / Controls	Desired Score			Status: Being considered /In progress /Completed	Officer Responsible	Target completion date	Actual completion date	Review Frequency
		Likelihood	Impact	Residual Risk Rating					
6 (1)	Develop and approve the Economic Development Strategy Restructure of the Economic Development function and appointment to posts.	1	3	3	In progress In progress	Nicola Smith Nicola Smith	30/09/2023 31/10/2023		Quarterly Quarterly
6 (2)	No further actions at present								
9 (3)	Digital communications – review and implement new arrangements for online promotion and engagement with businesses. Baseline assessment to identify any local skills gaps.	1	2	2	In progress Being considered	Nicola Smith Nicola Smith	30/09/2023 30/09/2023		Quarterly Quarterly
6 (4)	No further actions at present								
6 (5)	Improve partnership working with education providers	1	3	3	Being considered	Michelle Dickson	30/09/2023		Quarterly
9 (6)	Develop and approve the HRA business plan	1	3	3	In progress	Michelle Dickson	30/09/2023		Quarterly

RUGBY BOROUGH COUNCIL STRATEGIC RISK REGISTER

APPENDIX C

<p>CORPORATE STRATEGY PRIORITY : CLIMATE</p> <p>RISK TYPE : Strategic</p> <p>COMPLETED BY: Leadership Team DATE: June 2023</p>	<p style="text-align: right;"><i>[Risk Management Officer to complete]</i></p> <p>Risk Code :</p> <p>Category :</p>
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Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Lack of resources or technology and/ or a return to previous ways of working.</p> <p>(1)</p> <p>Owner: Dan Green</p>	<ul style="list-style-type: none"> -The Council could potentially seek to offset its emissions -Utilisation of £1m Climate reserve -Specialist support can be procured from external partners -External funding opportunities can be used to provide additional resource 	<ul style="list-style-type: none"> -Reputational damage -Adverse media coverage -Stakeholder concern -Complaints -Political intervention - Corporate strategy objective not achieved. The Council might not achieve net zero carbon footprint by 2030. 	<ul style="list-style-type: none"> -Council decisions are subject to climate change and environmental impact assessment. These are currently subject to an audit to confirm effectiveness -Procurement procedures enable the Council to work with organisations which adopt environmentally sustainable practices. New procurement strategy in place. - Programme to make homes more energy efficient is underway and seeking to maximise opportunities for external funding. - Agile working policy and hybrid working arrangements in place. -Horizon scanning to identify funding opportunities to support initiatives. - Working with partners and the third sector in order to influence businesses and the government. - Completion of baseline assessment of the impact of the Council's activities on the environment. 	3	3	9	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
Lack of influence, willingness and desire of residents. (2) Owner: Dan Green	<ul style="list-style-type: none"> - Better utilisation of the Net Zero Website - Community champions scheme to be developed - Community toolkits to be developed - Specific project to manage climate related communications proposed within CSDP 	<ul style="list-style-type: none"> -Reputational damage -Adverse media coverage -Stakeholder concern -Complaints - Corporate Strategy objective not achieved. Connectivity and use of greener travel might not improve. 	- Climate Change strategy adopted and now being delivered	3	3	9	↑
Lack of funding for retraining, reconfiguration of the Council's fleet and charging infrastructure of depots, and for implementing an EV charging structure. (3) Owner: Dan Green		<ul style="list-style-type: none"> -Reputational damage -Adverse media coverage -Stakeholder concern -Complaints - Corporate Strategy objective not achieved. The use of greener travel might not improve. 	<ul style="list-style-type: none"> - Climate Change strategy adopted and being delivered -Fleet assessment commissioned from energy saving trust. This will give greater insight into the steps required to decarbonise the fleet 	2	3	6	↔
Misinformation, denial, or a lack of willingness, desire and funding. (4) Owner: Dan Green		<ul style="list-style-type: none"> -Reputational damage -Adverse media coverage -Stakeholder concern -Political intervention - Corporate Strategy objective not achieved. The impact of residents and businesses on the environment might not be reduced. 	<ul style="list-style-type: none"> -Climate Change strategy adopted and being delivered -Communication arrangements in place, including dedicated microsite. 	2	3	6	↑

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>(Ref HRA stock) Insufficient funding, unsuitable properties, or if tenants don't allow access to their properties.</p> <p>(5)</p> <p>Owner: Michelle Dickson</p>	<p>- Regenerate residential areas rather than seeking to improve existing housing stock.</p>	<p>-Reputational damage -Adverse media coverage -Stakeholder concern -Political intervention</p> <p>- Corporate Strategy objective not achieved. The carbon footprint and environmental sustainability of the Council's housing stock will not improve by 2027.</p>	<p>- Tenancy agreements provide for access to properties - Coaching of residents to make them more aware of the benefits of reducing the carbon footprint of their homes, such as reduced fuel bills - New Housing Strategy approved in March 2022 -A more strategic approach to prioritising properties for improvement -Learning from others ref their customer engagement experience</p>	3	3	9	↔
<p>Insufficient funding, residents don't share the same priorities, or conflicts between development decisions and environmental sustainability.</p> <p>(6)</p> <p>Owner: Dan Green</p>		<p>-Reputational damage -Adverse media coverage -Stakeholder concern -Political intervention -Complaints</p> <p>- Corporate Strategy objective not achieved. The Council might not deliver good quality green infrastructure and improved biodiversity.</p>	<p>- Coton Park East Supplementary Planning Document approved - South West Rugby Masterplan approved - Housing Needs and Air Quality Supplementary Planning Document approved - Biodiversity plans have to be included in new developments</p>	3	3	9	↔

Original Risk Score	Further Action / Controls	Desired Score			Status: Being considered /In progress /Completed	Officer Responsible	Target completion date	Actual completion date	Review Frequency
		Likelihood	Impact	Residual Risk Rating					
9 (1)	No further actions at present								
6 (2)	Deliver the Climate Change Strategy annual action plan for 2023/24. Develop an electric vehicle strategy, including: <ul style="list-style-type: none"> • Identification and sourcing of grant funding • Identifying what support could be provided to help residents instal charging points 	1	3	3	In progress Being considered	Dan Green Dan Green	31/03/2024 31/12/2023	Quarterly Quarterly	
6 (3)	Complete an assessment of the current unmet EV charging infrastructure.	1	3	3	In progress	Dan Green	31/12/2023	Quarterly	
6 (4)	No further actions at present								
9 (5)	Develop new HRA Business Plan Coaching of residents to make them more aware of the benefits of reducing the carbon footprint of their homes, such as reduced fuel bills. Develop new Asset Management Strategy				In progress In progress Being considered	Michelle Dickson Michelle Dickson Mannie Ketley	31/12/2023 31/12/2023 31/12/2023	Quarterly Quarterly Quarterly	

9	Develop and approve an Economic Development Strategy	1	3	3	In progress	Nicola Smith	30/09/2023		Quarterly
(6)	Approve the Sustainable Design & Construction Supplementary Planning Document Complete				In progress	Nicola Smith	30/09/2023		Quarterly
	Approve the Planning Obligations Supplementary Planning Document including approval to introduce the Community Infrastructure Levy				In progress	Nicola Smith	30/09/2023		Quarterly
	Develop and approve the new Green Space Audit				Being considered	Tom Kittendorf	30/09/2023		Quarterly
	Work with other land owners/ other stakeholders to improve biodiversity on their land				Being considered	Nicola Smith	30/09/2023		Quarterly
	Complete the Gypsy & Traveller Development Plan Document (DPD), identifying need and current provision, together with the selection of any new sites to be allocated.				In progress	Nicola Smith	30/09/2024		Quarterly

RUGBY BOROUGH COUNCIL STRATEGIC RISK REGISTER

CORPORATE STRATEGY PRIORITY : HEALTH & COMMUNITIES RISK TYPE : Strategic COMPLETED BY: Leadership Team & SRMG	<i>[Risk Management Officer to complete]</i> Risk Code : Category :
DATE: June 2023	

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
Lack of, or insufficient resources to improve mental health and wellbeing (1) Owner: Tom Kittendorf and Michelle Dickson	Grow the Rugby Lotto	<ul style="list-style-type: none"> -Reputational damage -Political intervention -Adverse media coverage -Health inequality gap continues or widens -Stakeholder concern -Corporate objective not achieved: The Council might not be able to invest in the mental health and wellbeing of residents and close the health inequality gap. 	<ul style="list-style-type: none"> -Family Lifestyle programme in place, externally funded -Delivery of youth intervention programmes -Youth clubs, school programmes -Community grants programme -SLAs with community associations more outcome focused Revised SLA and grant funding arrangements for 2023/24 -Management of Parks and Open Spaces for residents access -Housing Pathway – trailblazers – additional support to get people into independent living -Lottery raises funds which provide support for community initiatives -Leisure centre, art gallery and museum, and Benn Hall all support the mental health & wellbeing of residents. -Agreements with Warwickshire Community & Voluntary Action (WCAVA) and the Citizens Advice Bureau continued for 2 more years to provide ongoing community infrastructure support. 	2	3	6	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Adverse publicity or social media, misinformation, anti-social behaviour, or withdrawal of project funding.</p> <p>(2)</p> <p>Owners: Michelle Dickson and Tom Kittendorf</p>	<p>Focus on promoting successes (action)</p>	<ul style="list-style-type: none"> -Reputational damage -Political intervention -Adverse media coverage -Stakeholder concern -Business and people not attracted to live and invest in the borough <p>-Corporate objective not achieved: Residents might not be proud of their community and the borough</p>	<ul style="list-style-type: none"> -Project management of On Track to ensure outcomes are delivered. -The Council ensures it submits bids for new funding where it sees the opportunity to do so. -Councillor newsletters and proactive communications forward plan. -Close engagement and working with community groups. -Consultation undertaken in advance of key Council decisions. -Engagement and dialogue with partners including the Community Safety Partnership and Anti Social Behaviour group. -Reserve of £15,000 in place to support potential community projects 	2	3	6	↔
<p>Insufficient resources, increased demand, diverse needs, dependence on partners, and/ or a lack of representative consultation data.</p> <p>(3)</p> <p>Owner: Tom Kittendorf</p>		<ul style="list-style-type: none"> -Reputational damage -Political intervention -Adverse media coverage -Stakeholder concern <p>-Corporate objective not achieved: the Council might not develop services which meet local needs with a focus on prevention and early intervention.</p>	<ul style="list-style-type: none"> -Family lifestyle programme, Play and On Track services in place. -Rough sleeper initiatives have continued funding to 2025 -Leisure centre externally contracted out, which secures delivery of the service through a specialist provider -Review of Customer Advice and Support team with an increased focus on upfront preventative work. 	2	3	6	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Lack of resources, poor economic situation, lack of engagement with rough sleepers, or complex needs.</p> <p>(4)</p> <p>Owner: Michelle Dickson</p>		<ul style="list-style-type: none"> -Reputational damage -Political intervention -Adverse media coverage -Stakeholder concern <p>-Corporate objective not achieved: the Council might not be able to support residents who are, or at risk of, being homeless or sleeping rough.</p>	<ul style="list-style-type: none"> -Ongoing liaison with community groups -Rough sleeper initiatives in place with short term funding now secured -Review of Customer Advice and Support team, with an increased focus on upfront preventative work. -The BEAM project supports rough sleepers and potential homeless people into training and employment. -Preventing Homelessness Improving Lives project work has been successfully integrated into the business as usual work of the Housing and Benefits teams. -Funding allocated from the Department of Levelling up and Communities (DLUC) to enable homelessness support services to be sustained for another 3 years. 	2	3	6	↔
<p>Lack of funding, engagement, adverse perceptions of the available facilities, or inertia.</p> <p>(5)</p> <p>Owner: Tom Kittendorf</p>		<ul style="list-style-type: none"> -Reputational damage -Political intervention -Adverse media coverage -Stakeholder concern <p>-Corporate objective not achieved: the Council might not support residents to live active lives, with high quality accessible green space and recreational facilities.</p>	<ul style="list-style-type: none"> -Family lifestyle programme, Play and On Track services in place. -Rough sleeper initiatives -Leisure centre facilities, delivered in partnership -The Council's parks and open spaces have received green flag awards -Ongoing management of parks and open spaces for residents access. -Close engagement with WCAVA to understand the capacity of the Voluntary and Community Sector and in particular volunteering 	2	3	6	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Lack of funding, engagement or understanding, hate crime, or misinformation</p> <p>(6)</p> <p>Owner: David Burrows and Aftab Razzaq</p>		<p>-Reputational damage -Political intervention -Adverse media coverage -Stakeholder concern -Loss of "excellent" Equality & Diversity accreditation</p> <p>Corporate objective not achieved: Diversity and inclusion might not be successfully promoted and celebrated so that everyone feels welcome in the borough.</p>	<p>-'Excellent' equalities & diversity accreditation achieved. -Council decisions are taken only after consideration of the equalities and diversity implications. -Close engagement and working with community groups. -The Council ensures it submits bids for new funding where it sees the opportunity to do so. -Proactive communications forward plan. - Review & Update Equality, Diversity & Inclusion Strategy in 2022.</p>	2	3	6	↔
<p>Lack of engagement or land supply, or if developers don't meet the requirements.</p> <p>(7)</p> <p>Owner: Michelle Dickson</p>		<p>-Reputational damage -Political intervention -Adverse media coverage -Stakeholder concern</p> <p>Corporate objective not achieved: residents might not have access to high quality, affordable and environmentally sustainable homes.</p>	<p>-Establishment of Joint Venture company to acquire/ build affordable homes. -Programme of work to improve energy efficiency of homes -Kitchen and bathroom refurbishment programmes -Property repairs service in place to ensure quality is maintained -New Property Repairs Service and Housing Service Level Agreement in place from April 2023. -HRA reserves in place, and loan facilities available. -Biert Place and Rounds Gardens regeneration programmes. -Planning controls in place to ensure developers meet their requirements. -Regular meetings with registered provider partners to understand their plans and proposals to ensure an ongoing supply of new affordable homes. -New Housing Strategy adopted.</p>	2	3	6	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Lack of funding or resources, ineffective engagement, or incorrect assumptions.</p> <p>(8)</p> <p>Owner: Tom Kittendorf</p>		<p>-Reputational damage -Political intervention -Adverse media coverage -Stakeholder concern</p> <p>Corporate objective not achieved: the Council might not effectively invest in extra support for families and young people.</p>	<p>-Family Lifestyle programme in place, externally funded -Play and On-Track services in place. -Delivery of youth intervention programmes -Youth clubs and school programmes in place.</p>	2	3	6	↔
<p>Ineffective collaboration, engagement or management of expectations.</p> <p>New legislation, lack of resources, or misinformation.</p> <p>(9)</p> <p>Owner: David Burrows and Tom Kittendorf</p>		<p>-Reputational damage -Political intervention -Adverse media coverage -Stakeholder concern</p> <p>Corporate objective not achieved: the Council might not ensure communities are safe.</p>	<p>-Delivery of youth intervention programmes -Engagement and dialogue with partners including the Community Safety Partnership, Anti Social Behaviour group, Warwickshire Police, and the Crime Commissioner. -Annual report on the work of the Community Safety Partnership submitted to Scrutiny each year. -A Board arrangement is in place chaired by the Deputy Leader, which a number of multi-agency groups report to including Anti Social Behaviour, Priority Action Group, Domestic Homicide Review Group, Domestic Assault Group, serious organised crime tactical group and violence against women and girls. -The Council supports Futures Unlocked, a local charity involved in rehabilitating ex-offenders. -Support to the current anti-knife school campaign.</p>	2	3	6	↔

Original Risk Score	Further Action / Controls	Desired Score			Status: Being considered /In progress /Completed	Officer Responsible	Target completion date	Actual completion date	Review Frequency
		Likelihood	Impact	Residual Risk Rating					
6	Develop Playing Pitch Strategy	1	3	3	In progress	Tom Kittendorf	31/10/2023		Quarterly
(1)	Develop Built Facilities Strategy				In progress	Tom Kittendorf	31/10/2023		Quarterly
6	Develop Cultural Strategy	1	3	3	In progress	Tom Kittendorf	31/10/2023		Quarterly
(2)									
6	Develop Financial Inclusion strategy	1	3	3	In progress	Michelle Dickson	31/10/2023		Quarterly
(3)									
6	Complete the acquisition of additional one bedroomed properties.	1	3	3	In progress	Michelle Dickson	30/09/2023		Quarterly
(4)	Review the potential redesignation of housing stock to meet one bedroomed accommodation needs.				In progress	Michelle Dickson	31/03/2024		Quarterly
	Completion of the purchase of 12 units at Platinum House, Woodside Park.				In progress	Michelle Dickson	30/09/2023		Monthly
	Completion of the purchase of 9 properties at Mill Road				In progress	Michelle Dickson	30/09/2023		
6	Develop Green Space Strategy	1	3	3	In progress	Tom Kittendorf	31/10/2023		Quarterly
(5)									
(6)	No further actions at this time.								
6	Develop HRA Business Plan	1	3	3	In progress	Michelle Dickson	30/09/2023		Quarterly
(7)									
6	No further actions at this time.								
(8)									
6	Develop Safety Strategy, including a review of the Community Safety Partnership	1	3	3	Being considered	David Burrows	31/12/2023		Quarterly
(9)									

RUGBY BOROUGH COUNCIL STRATEGIC RISK REGISTER

APPENDIX E

<p>CORPORATE STRATEGY PRIORITY : ORGANISATION</p> <p>RISK TYPE : Strategic</p> <p>COMPLETED BY: Leadership Team DATE: June 2023</p>	<p style="text-align: right;"><i>[Risk Management Officer to complete]</i></p> <p>Risk Code :</p> <p>Category :</p>
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Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Lack of resources, capability, resistance or a lack of engagement.</p> <p>(1)</p> <p>Owner: Mike Connell</p>		<ul style="list-style-type: none"> -Service reductions/ redundancies -Adverse media coverage -Stakeholder concern -Reputational damage -Political intervention - Corporate Strategy objective not achieved. The Council might not embrace digital opportunities and nurture a culture of innovation. 	<ul style="list-style-type: none"> - Transformation unit created including a financial reserve - Dedicated Chief Officer in place for Digital & Communications, with oversight by the Leadership Team - IT & Digital Services Strategy - Stakeholder engagement and funding bids submitted where appropriate - Programme Board in place -Transformation Strategy and programme developed. -Rugby Blueprint developed and being implemented. Customer Access Strategy approved. 	3	4	12	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>The economic environment worsens, or there is a lack of buy in for difficult decisions.</p> <p>(2)</p> <p>Owner: Jon Illingworth</p>		<ul style="list-style-type: none"> - Service reductions/ redundancies - Adverse media coverage - Stakeholder concern - Substantial reputational damage - Political and government intervention - S151 officer may issue a S114 notice - Corporate Strategy objectives not achieved. The Council might not be able to set robust, comprehensive and achievable budgets. 	<ul style="list-style-type: none"> - Financial plans are reviewed and updated at least annually to reflect any changes in the outlook. - Monitoring and oversight of the Council's financial management by the Leadership Team. - Ongoing engagement with Cabinet and Members - Established budget setting and monitoring procedures - Finance business partnering to support services in effective control of their budgets and financial planning. - Transformation programme and oversight board in place to ensure projects are implemented which will support financial self sufficiency. - Budget working group - Annual Governance Statement review of control framework - Transformation Strategy and programme developed. - Commercial Framework developed. - Updated Medium Term Financial Strategy in place. 	2	4	8	↓

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>The Constitution is not fit for purpose, or there is a lack of awareness and understanding, single points of failure, or deliberate avoidance</p> <p>(3)</p> <p>Owner: Aftab Razzaq</p>		<ul style="list-style-type: none"> -Adverse media coverage -Stakeholder concern -Substantial reputational damage -Political and government intervention -Legal action against the Council -Corporate Strategy objective not achieved. The Council might not have robust systems of governance that ensure fairness, accountability and transparency. 	<ul style="list-style-type: none"> -Constitution is subject to periodic review and update by the Chief Officer Legal & Governance. - Annual Governance Statement and delivery of action plans provides a substantial level of assurance - Annual report of internal audit provides a substantial level of assurance - Monitoring and oversight by Strategic Risk Management Group and Audit & Ethics Committee - Confidential Reporting Code in place - Financial Regulations reviewed and updated - Monitoring Officer and Deputy Monitoring Officer in post. - Updated Scheme of Delegation approved in December 2022 - Updated member Code of Conduct in place - New project governance framework developed and implemented -Updated Treasury Management and Capital strategies approved -New member Learning & Development policy in place -New Internal Constitution approved and being implemented 	2	3	6	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Lack of buy in, poor performance management, poor staff wellbeing, or a lack of capacity to support change.</p> <p>(4)</p> <p>Owner: Mannie Ketley</p>		<ul style="list-style-type: none"> -Stakeholder concern -Reputational damage -Adverse financial impact - Corporate Strategy objective not achieved. The Council's structure and working methods won't be agile, efficient and effective. 	<ul style="list-style-type: none"> - Office based staff have adapted to hybrid as one of the agile means of working - Review and monitoring of complaints by the Leadership Team - Framework in place for 1-2-1s and team meetings - Staff surveys are analysed and action taken to address issues raised - Wellness Action Plans in place - Management Team in place with a developing remit 	2	3	6	↔
<p>Lack of risk appetite or capacity, or conflicting needs and considerations when making decisions.</p> <p>(5)</p> <p>Owner: Mannie Ketley</p>		<ul style="list-style-type: none"> -Service reductions/ redundancies -Adverse media coverage -Stakeholder concern -Political intervention -Corporate Strategy objective not achieved. The Council might not undertake responsible and sustainable commercial activities in the open market. 	<ul style="list-style-type: none"> - Risk management strategy in place - Transformation unit in place with financial reserve - Programme board in place - Independent external review to identify commercialisation opportunities - Commercial Framework developed - External advice and support sought where required - Shareholders Committee in place with independent chair 	2	4	8	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>The Council's governance framework might not be followed, for example due to external factors such as the pandemic emergency.</p> <p>(6)</p> <p>Owner: Jon Illingworth</p>		<ul style="list-style-type: none"> -Adverse media coverage -Adverse internal and external audit opinions -Stakeholder concern -Reputational damage -Adverse financial impact - Corporate Strategy objective not achieved. Services might not demonstrate value for money. 	<ul style="list-style-type: none"> - Published constitution in place - Frameworks, policies and procedures in place to ensure good governance, for example the Financial Regulations. - Annual Governance Statement and Internal Audit opinions provide substantial assurance - Oversight by Strategic Risk Management Group - Self assessment completed against new CIPFA Financial Management Code - Financial performance indicators are in place such as monitoring of any off contract procurement activity. -CFO Insights data comparison and benchmarking system installed. - Programme board & transformation unit in place. -Use of external support where required - Financial regulations reviewed and updated in 2022/23 -New Internal Constitution in place 	2	3	6	↔

Risk	Opportunities	Consequences	Existing Internal Controls	Assessment of Risk based on the review of existing controls			Direction of Risk
				Likelihood	Impact	Risk Rating	
<p>Lack of resources, capability, or motivation.</p> <p>(7)</p> <p>Owner: Mike Connell</p>		<ul style="list-style-type: none"> -Stakeholder concern -Reputational damage -Adverse financial impact due to inefficient and/ or ineffective services -Political intervention -Corporate Strategy objective not achieved. The Council might not make the best use of data and customer insight to design services and interventions. Residents might not be provided with the service they need when they need it. 	<ul style="list-style-type: none"> - Public consultation arrangements in place - Council decisions are subject to evaluation of impacts including equality and diversity. - Updated Equalities & Diversity strategy in place - Power BI in place to enable live data reporting and dashboards. - Customer complaints and feedback procedures - Programme Board and transformation unit in place - IT Digital Services team in place - Performance Indicators in place with benchmarking - Data Analyst recruited - New Communications Strategy in place 	2	3	6	↔

Original Risk Score	Further Action / Controls	Desired Score			Status	Officer Responsible	Target completion date	Actual completion date	Review Frequency
		Likelihood	Impact	Residual Risk Rating					
12 (1)	Implement the Customer Access Strategy.	1	2	2	In progress	Mike Connell	31/03/2025		Quarterly
12 (2)	Embed the Commercial Framework. Review and update the Asset Management Strategy. Implement actions arising from the external audit VFM review.	1	2	2	In progress In progress in progress	Jon Illingworth Mannie Ketley Jon Illingworth	31/03/2024 31/12/2023 31/03/2024		Monthly Monthly Quarterly
6 (3)	Review and update the Constitution.	1	3	3	In progress	Aftab Razzaq	31/10/2023		Quarterly
6 (4)	Develop and approve the new HR Strategy, and workforce development and planning framework.	1	3	3	Being considered	Mannie Ketley	31/03/2024		Quarterly
8 (5)	No further actions at this time.								
6 (6)	Implement the action plan arising from the CIPFA Financial Management Code self-assessment. Implement actions arising from the external audit VFM review.	1	2	2	In progress In progress	Jon Illingworth Jon Illingworth	30/09/2023 31/03/2024		Quarterly Quarterly
6 (7)	No further actions at this time.								

AGENDA MANAGEMENT SHEET

Report Title:	Internal Audit Progress Update
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	20 July 2023
Report Director:	Chief Officer - Finance and Performance
Portfolio:	Finance, Performance, Legal and Governance
Ward Relevance:	None
Prior Consultation:	Chief Officer - Finance and Performance
Contact Officer:	Chris Green, Corporate Assurance Manager and Transformation Lead, chris.green@rugby.gov.uk
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	This report relates to the following priority(ies): <input type="checkbox"/> Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C) <input type="checkbox"/> Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E) <input type="checkbox"/> Residents live healthy, independent lives, with the most vulnerable protected. (HC) <input checked="" type="checkbox"/> Rugby Borough Council is a responsible, effective and efficient organisation. (O) Corporate Strategy 2021-2024 <input type="checkbox"/> This report does not specifically relate to any Council priorities but
(C) Climate (E) Economy (HC) Health and Communities (O) Organisation	
Summary:	The report sets out progress towards delivery of the annual internal audit plan and provides an update on service performance.
Financial Implications:	None
Risk Management/Health and Safety Implications:	Non delivery of an adequate internal audit plan would have an adverse impact on the level of

assurance provided in the Annual Governance Statement.

Environmental Implications: None

Legal Implications: None

Equality and Diversity: No implications

Options: None

Recommendations: The internal audit progress update be noted.

Reasons for Recommendations: To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 20 July 2023

Internal Audit Progress Update

Public Report of the Chief Officer - Finance and Performance

Recommendations

The internal audit progress update be noted.

1. Introduction

- 1.1 The purpose of this report is to set out progress against the Internal Audit Plan for 2023/24.

The Council has a legal duty to maintain an adequate and effective Internal Audit service. The primary role of Internal Audit is to provide independent assurance that the Council has put in place appropriately designed internal controls to ensure that:

- The Council's assets and interests are safeguarded;
- Reliable records are maintained;
- Council policies, procedures and directives are adhered to; and
- Services are delivered in an efficient, effective and economic manner.

This work is normally referred to as Section 151 work.

2. Summary of Audit Work

- 2.1 The Internal Audit plan for 2023/24 was approved by the Audit and Ethics Committee on 30 March 2023. Progress against delivery of that plan is set out at Appendix A.

3. Revisions to the 2023/24 Audit Plan

- 3.1 The Committee's role as gatekeeper requires it to approve any significant changes to the internal audit plan, in accordance with the Public Sector Internal Audit Standards. It is also good practice to continually review the audit plan in light of emerging issues, to ensure that the work of internal audit adds maximum value by proactively responding to and aligning its work with the most significant risks facing the organisation. There are currently no proposed amendments to the internal audit plan.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 20 July 2023

Subject Matter: Internal Audit Progress Update

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

**INTERNAL AUDIT PROGRESS
UPDATE**

JULY 2023

RIGHT FOR RUGBY

Introduction

- 1.1** The Public Sector Internal Audit Standards (the Standards) require the Audit and Ethics Committee to scrutinise the performance of Internal Audit and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the team.

Performance

2.1 Will the Internal Audit Plan be delivered?

The expected position by the date of the Committee meeting is as follows:

- 2 draft reports have been issued;
- 4 assignments are in progress;
- 6 assignments are at the planning stage; and
- 15 assignments have not yet been started

The Internal Audit team is now fully resourced, and the trainee Auditor has completed her first audit under close supervision with the Lead Auditor to an acceptable standard. Following a satisfactory initial 3 month review the new recruit is due to commence her professional qualification training in the upcoming quarter.

At the time of writing there are sufficient resources available, and the internal audit plan is expected to be delivered on time. The delivery will be supported The Council's external contractor, Lighthouse Consulting Ltd, will deliver the Council's IT internal audits, and support delivery of non-IT audits where required.

Progress on individual assignments is shown at pages 6 to 11 of this report.

2.2 Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?

At this stage there are no emerging issues arising from the work of Internal Audit which significantly impact upon the Internal Audit opinion of the Council's Control Framework.

2.3 Are clients progressing audit recommendations with appropriate urgency?

At the date of reporting, a combined **70% of management actions have been implemented by the agreed implementation date, with a further 26% implemented late, giving an overall implementation rate of 96%. This represents a 5% increase from the March 23 position.** A summary analysis of progress on implementation of audit recommendations is shown at pages 12 to 13. **At the time of reporting there are 8 agreed management actions for which implementation is overdue, none of which are regarded as High risk and 4 of which are regarded as Medium risk.** The details of the actions related to High or Medium risks, along with a summary of the latest position, are set out at pages 14 to 15. Implementation of the actions will continue to be monitored by the Corporate Assurance team and reported to each Committee meeting.

2.4 Internal Audit Performance Indicators

The effectiveness with which Internal Audit discharges its section 151 responsibilities is being measured by the following indicators, as agreed by the Audit and Ethics Committee:

<u>Theme</u>	<u>Title of Performance Indicator</u>	<u>Current Performance</u>
Delivery	Average end to end time for audits (number of days)	102 days Increased compared with 85 days at the end of March 2023. This was primarily caused by a delay in completing the Food Hygiene audit, which in turn was caused by a lengthy unplanned investigation.
Adding Value	Customer Satisfaction – Average Rating	Reported as an annual measure.
Timeliness	Timeliness of Reporting – Average time taken to issue draft reports following fieldwork completion	5.9 days Performance is broadly stable and below the 10 days considered to be the benchmark followed by peers.
Effectiveness	Implementation of Agreed Actions – Percentage implemented on time	70% - at the time of reporting there are 8 recommendations which are past their agreed implementation date, none of which are regarded as High risk and 4 as Medium risk. Refer to page 12 onwards for detail.

Limitations and Responsibilities

Limitations inherent to the Internal Auditor's work

Internal Audit is undertaking a programme of work agreed by the council's senior managers and approved by the Audit and Ethics Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit and Ethics Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls, and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time at which the audit was completed. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

Progressing the Annual Internal Audit Plan

KEY

Current status of assignments is shown by ✓

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Financial Risks									
Housing Benefits	20	✓							
Sundry Debts	16		✓						
Housing Rents	20					✓			
CIPFA Financial Management Code	10			✓					

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Counter Fraud									
Fraud Awareness	8		✓					Not applicable	
Transaction Testing	20		✓						
Transport – Fuel Usage	12		✓						
ICT									
System Resilience	8	✓							Being delivered by external contractor
Corporate Risks									
Business Continuity & Emergency Planning	12	✓							

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Corporate Health & Safety	25	✓							
Performance Management & Data Quality	20	✓							
Project Management & Corporate Strategy Delivery	16	✓							
Customer Access Strategy	12	✓							
Governance & Ethical Risks									
Internal Constitution	20	✓							

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Ethical Governance	15			✓					
Operational Risks									
Follow up work	28			✓				Not Applicable	
Business Improvement District	15	✓							
Benn Hall	16	✓							
Bereavement Services	20	✓							
Complaints and Freedom of Information	18	✓							

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Fleet Management	20		✓						
WSU Health & Safety Action Plan	10	✓							
Property Repairs including Stock Control	25		✓						
Homelessness Grants	8	✓							
Assets – Statutory Compliance	12	✓							

Additional Support									
Annual Governance Statement	12					✓		Substantial	
National Fraud Initiative	8							Not applicable	Ongoing co-ordination of the Council's NFI work.
Control Environment - Advice	25			✓				Not applicable	
Corporate Investigation Work	40						✓	Not applicable	One investigation ongoing, one being reported to this committee meeting.

Summary: Implementation of Audit Recommendations

Audit	Not yet due	Overdue	Within time	Extended time	Out of time	Cancelled	Total Recs
Absence Management	1	0	4	3	0	0	8
Creditors	0	0	3	0	4	0	7
Freedom of Information	0	0	6	1	1	0	8
Local Government Transparency Code	0	0	6	9	3	0	18
Complaints, Compliments & Suggestions	0	0	4	1	3	0	8
IT Security	0	0	0	3	0	0	3
Cash & Bank	0	1	7	4	2	0	14
Customer Service Centre Demand Management	0	0	0	2	5	1	8
Housing Rent Arrears	0	0	1	0	7	2	10
Digitalisation	0	0	1	7	0	1	9
IT Business Continuity	0	0	0	5	0	0	5
Completeness of Income	0	0	7	0	2	0	9
HR Capability & Disciplinary	0	0	6	1	4	0	11
Local Government Transparency Code	1	1	1	0	0	0	3
Expenses	0	0	1	0	2	0	3
Payroll	0	0	2	2	2	0	6
Covid Business Grants	0	0	0	1	1	2	4
Test and Trace Support Payments	0	0	1	1	1	1	4
Equal Pay & Single Status	3	0	2	2	1	0	8



Payment Card Industry Data Security Standards (PCI DSS)	0	1	5	3	0	0	9
Policies, Procedures and Strategies	0	0	1	0	0	0	1
Treasury Management	0	2	3	0	7	0	12
Fraud Risk Review	0	0	4	0	0	0	4
Trade Waste	10	0	1	2	0	0	13
Housing Rent Arrears	6	0	2	0	1	2	11
Council Tax	1	0	1	0	3	0	5
Service Desk Management	0	3	0	0	0	0	3
Budget Setting & Budgetary Control	1	0	3	0	1	0	5
Housing Standards	0	0	1	0	0	0	1
Workforce Training	7	0	4	0	0	0	11
Procurement & Contract Management	0	0	4	1	1	0	6
ICT Financial Processes Review	1	0	0	0	0	0	1
Risk Management	2	0	0	0	0	0	2
Licensing	6	0	1	0	0	0	7
NDR	5	0	0	0	0	0	5
Totals	44	8	82	48	51	9	242

Notes:

Extended time: This is where the Corporate Assurance and Improvement Manager had agreed an extension to the original timescale.

Out of time: This is where the action was implemented later than the agreed timescale.

Details of Overdue Medium and High Risk Audit Recommendations

Audit	Title	Due Date	Latest Note	Risk Rating
Service Desk Management	Management to review options around Service Desk management and oversight.	31-Mar-2023	<p>Update from Stuart Mewes</p> <p><i>There is still no Service Delivery Lead in place, as you may be aware we are going through a restructure, so due to this and vacancies there is no one to undertake this work currently.</i></p> <p>15/06/2023</p>	 Medium Risk
Cash & Bank	Investigate whether other transactions can be automatically reconciled from the cash account to the bank statement in the same way as the presented cheques are.	31-Mar-2023	Chased JI for a response 25/05/2023	 Medium Risk

Audit	Title	Due Date	Latest Note	Risk Rating
Payment Card Industry Data Security Standards	Review the security assessment and implement the recommendations.	30-Apr-2023	<p>Update from Stuart Mewes -</p> <p><i>We have now started this work and it is in progress, I anticipate being complete by Q2 and that we will be compliant. We are working with a specialist company who are guiding us through the process. For assurance, they assure me that from an enquiring bank and ICO perspective that this would give them the assurance they need in terms of compliance as we are undertaking this work/review.</i></p> <p>15/06/2023</p>	<p>■ Medium Risk</p>
Service Desk Management	The development and documentation of problem management processes and controls should be assigned to a nominated owner.	31-Mar-2023	<p>Update from Stuart Mewes:</p> <p><i>There is still no Service Delivery Lead in place, as you may be aware we are going through a restructure, so due to this and vacancies there is no one to undertake this work currently.</i></p> <p>15/06/2023</p>	<p>■ Medium Risk</p>