

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Your attendance is requested at a meeting toThis meeting will be held remotely at <https://www.youtube.com/user/northamptonbcTV> on Monday, 24 August 2020 at 6:00 pm.

George Candler
Chief Executive

AGENDA

1. APOLOGIES

Please contact Democratic Services on 01604 837722 or democratic_services@northampton.gov.uk when submitting apologies for absence.

2. MINUTES

3. DEPUTATIONS / PUBLIC ADDRESSES

4. DECLARATIONS OF INTEREST

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

6. UPDATE ON PREPARATION OF 2019-20 ACCOUNTS

7. INTERNAL AUDIT UPDATE (BDO)

The Internal Auditor to submit a report and summarise the progress made against the approved internal audit plan.

8. INTERNAL AUDIT UPDATE (LGSS)

(Copy of report herewithin)

9. RISK REGISTERS' UPDATE REPORT

(Copy of reports herewithin)

10. CHIEF FINANCE OFFICER'S REPORT

(Copy of report herewithin)

11. EXCLUSION OF PUBLIC AND PRESS

THE CHAIR TO MOVE:

“THAT THE PUBLIC AND PRESS BE EXCLUDED FROM THE REMAINDER OF THE MEETING ON THE GROUNDS THAT THERE IS LIKELY TO BE DISCLOSURE TO THEM OF SUCH CATEGORIES OF EXEMPT INFORMATION AS DEFINED BY SECTION 100(1) OF THE LOCAL GOVERNMENT ACT 1972 AS LISTED AGAINST SUCH ITEMS OF BUSINESS BY REFERENCE TO THE APPROPRIATE PARAGRAPH OF SCHEDULE 12A TO SUCH ACT.”

SUPPLEMENTARY AGENDA

Exempted Under Schedule, 12A of L.Govt Act 1972, Para No: -

Agenda Item 2

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 22 June 2020

PRESENT: Ian Orrell (Chair); Councillor Oldham (Deputy Chair); Councillors Marriott, Stone, T Eales, Bottwood, Golby and Hibbert

APOLOGIES:

1. APOLOGIES

There were none.

2. MINUTES

The Minutes of the meeting held on 6 February 2020 were agreed as an accurate and true record of the meeting.

3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

There were none.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. BDO INTERNAL AUDIT UPDATE

At the Chairman's invitation, Gurpreet Dulay presented the BDO Internal Audit Update. He explained that the annual plan dated from March 2020 and set out the indicative audit reviews that will be carried out throughout the year. The risk register on page 4 in the report highlighted the level of risk in each of the focus areas and outlined the risk. The Head of Service for each area in the Council had been consulted with to inform the audit plan for the year, along with the Governance and Risk Manager and the Chief Finance Officer. The draft plan had been approved by the Corporate Management Board (CMB) before the Covid-19 pandemic.

As the Covid-19 pandemic has undoubtedly caused a major impact on local authorities, the risk landscape has changed as a result of the financial challenges caused by lockdown. This would mean that some reviews may not go ahead as planned, as BDO will have additional workload to complete and unprecedented levels of staff sickness caused by the pandemic.

The internal audit progress report, which had not been updated since the report had been produced in March, showed that there were three outstanding areas in the 2019/20 audit plan. Firstly the review of asset management was almost complete, it had been drafted and BDO were awaiting to receive one response before completion. The disable facilities grant review would be completed in the next few days and the safeguarding review would need to be rescheduled given the impact of Covid-19, and BDO would arrange this with the head of the service.

Gurpreet confirmed that BDO would be on track to issue a statement of accounts in July. In terms of a sector update, IT and data protection showed a critical risk heightened by the Covid-19 pandemic which highlighted an increase in a dependence on technology for

remote working and the increased risk of cyber security and fraud risk. There was also an increased financial risk due to the unplanned spending caused by lockdown, a risk in respect of staff wellbeing and continuity arrangements as Covid-19 was unexpected and continuity plans should be refreshed to reflect lessons learnt from the pandemic and in the likelihood that a second wave should occur in the future. Gurpreet concluded that page 33 of the report was outdated and a full update would be provided at July's meeting.

In response to a question if BDO had considered the impact that Brexit, Covid-19 and the move to Unitary would have on the audit plan. BDO confirmed that a number of working days had been set aside to undertake work that would relate to the move to unitary; such as the transferral of budgets. In terms of Brexit, professional scepticism had been applied in the reviews and in the risk register, but was not a key focus area proven by the discussions with the Heads of Service or CMB. In response to whose responsibility it would be to declare the local authority safe and legal for Unitary, it was felt that the government would have the authority to determine this, but this would be clarified at a later stage. A Member asked if the Chief Executive for Northampton Partnership Homes (NPH) had been consulted with the proposed audits and it was confirmed that the Chief Executive had not been consulted with the Council had been in communication with NPH.

Members expressed that they would welcome a Members briefing on the public sector update, and that this could extend to all Councillors. The Chief Finance Officer agreed to discuss and arrange this with the Democratic and Member Services Manager.

The Chair thanked BDO for the update and shared that Members would understand the situation and would allow flexibility with the reviews given the unpredicted circumstances. He explained that there would be a need for the Chief Finance Officer and Chief Executive to review the plan and a revised audit plan would be brought before the Audit Committee at the next meeting for Members to consider and approve.

RESOLVED: That the update is noted.

ACTION: BDO to provide a revised internal audit plan and statement of accounts at the next meeting.

7. LGSS INTERNAL AUDIT UPDATE

The Chief Finance Officer presented a verbal update on behalf of LGSS. He explained that LGSS deliver assurance that their services are working well and asked the committee to note the update from March. A further update would be provided in July.

RESOLVED: That the update is noted and a further LGSS internal Audit update is presented to the Committee at its meeting on 27 July 2020.

ACTION: LGSS to provide an internal Audit update to be provided at the next meeting.

8. CHIEF FINANCE OFFICER UPDATE

At the Chairman's invitation, the Chief Finance Officer presented his update and highlighted that there were no changes to accounting policy or treasury management. The Council had received £37.374M as an initial allocation to deliver Government Grants (BEIS Grants) to local businesses through a centrally determined scheme, and this was the most notable update. The 2018/19 accounts were still being audited and would continue in October. The 2019/20 draft accounts could be ready from July, but the audit of the 2019/20 accounts would depend on when the 2018/19 accounts had been signed off.

A report had been provided to Cabinet detailing the indicative finance costs of Covid-19 and another report would be provided in July detailing the risk to this year's budget and the

contributing factors. The Chief Finance Officer explained that Council Tax payments had impacted the Council as there had been a 5% reduction in fees. The Council also faced 3 months loss of income from car park fees as lockdown had closed car parks, but the Council were still liable for managing and maintaining the car parks and utility costs. There was also the pressure of homelessness and providing accommodation for those in need. The government had provided £21,000 towards this but the Council had used £200,000 of reserves and it was hoped that further funding would be received to claim back the costs of temporary accommodation.

Members were concerned that the reserved budget was not going to meet the requirements of lockdown. They felt concern that other local authorities had served 114 notices and asked for reassurance that this would not be the case for Northampton Borough Council. Members were concerned that an influx of evictions would occur in the autumn as landlords were instructed not to evict any tenants during lockdown. In response, it was said that the housing situation would be monitored as these issues had been vocalised. In response to a question if the KPMG statement of accounts would affect Unitary, the Chief Finance Officer confirmed it would not affect Unitary as such but would be a legacy issue of the Northampton Borough Council. An explanation of the impact that Council Tax had on residents during the pandemic was requested and the Chief Finance Officer proposed that more information would be available shortly and a further update would be provided at July's meeting.

The Chief Finance Officer responded that the Council had done well to contain costs and were exploring options and initiatives available to recover reserves spent during the pandemic. He expressed that the Council would not be issuing a 114 notice in the near future, as there was plenty of avenues the Council could explore to avoid this outcome. A report would be brought to Cabinet outlining this and options available to the Council to make in-year savings or obtain funds from reserves earmarked for projects.

The Chair questioned the Chief Finance Officer on how the Council was communicating with the government. The Chief Finance Officer responded by confirming there was two streams of communication, one stream was through district and borough treasurers and the other was countywide through the commissioners and shadow authority as a poor financial position would make it difficult to launch into Unitary. The Chair followed up his question with a supplementary on the impact of the Covid-19 pandemic on local business. The Chief Finance Officer shared that Kevin Langley, the Economic Growth and Regeneration Manager, was currently looking into the impact on the local economy. As Councillor Eldred reported at the last Cabinet meeting, 260,000 grants and £34m in business rate relief had been awarded to businesses to support them during this uncertain period. A discretionary fund of £1.7m had been created for those businesses who did not meet the criteria, for example if they were a business that existed within a building that had to close as a result of the pandemic. The Council was proactive in demonstrating support for business and a resource was available to signpost businesses for further guidance. Fortunately, in Northampton, the economy is varied so is not reliant on one form of business and this would enable the economy to bounce back faster as initiatives were being looked into to help support the return of businesses after the Covid-19 crisis.

The Chair read out the recommendations and asked Members to note the report.

RESOLVED: That:

- 2.1.1 The progress towards completing the Statement of Accounts for 2018-19 and 2019-20 is noted.
- 2.1.2 The risks to the 2020-21 budget is noted

2.1.3 It is noted that that there have been no changes to Accounting Policies.

It is noted that there have been no reportable incidents in respect of Treasury Management, or requirements to change Treasury Management Policies.

9. EY EXTERNAL AUDIT UPDATE

At the Chair's invitation, Steve Clark from EY delivered a verbal update to the committee. He explained that the audit process had been developed over time and a level of work had been undertaken and EY had encountered challenges with LGSS which they had raised with the Council. In addition to this, there had been capacity issues at EY with colleagues taking long-term absence. EY hoped to return in October to complete the audit of the 18/19 accounts. So far 1900 hours had been spent on the audit and it was estimated that it would take a further 1700 hours to finalise the audit, if timely supporting evidence was provided to speed up the process. As the Council moved towards reorganisation, EY confirmed there was capacity to undertake the 19/20 and 20/21 accounts.

The Chief Finance Officer explained that the increase in fee costs needed to be resolved with EY and a fast close down of the 20/21 accounts would take place before Unitary.

Steve Clark reiterated that the fees issue was not straightforward as EY had spent a period of time familiarising themselves with the Council and their accounts whilst taking over from KPMG. It was hoped the matter would be resolved as soon as possible.

Members were concerned that there was an issue with fees that needed to be resolved and the external auditors needed to deliver the service to the Council with the pressure of the move to Unitary. The Chair agreed with the Chief Finance Officer that an update on the external audit plan would be provided at the next committee meeting.

RESOLVED: That the External Audit Update is noted.

ACTION: Update on the External Audit plan to be brought to the next meeting.

10. GOVERNANCE REPORT

The Governance and Risk Manager presented the report and explained that the corporate risk register had been rolled over from March and refreshed. The Senior Management team had been consumed with responding to the Covid-19 pandemic which called for their urgent response with the tactical and strategic groups set up to address the pandemic. A further update would be provided at July's meeting, including the number of temporary workers.

Two items had been added to the risk register, this included an item on sustainability given the climate change emergency that had been declared and the impact of the loss of LGSS services. The Governance and Risk Manager explained that page 51 highlighted the last audit benchmarking on GDPR, and David Taylor, the Data Protection Officer had been consulted and had not expressed any concern in terms of GDPR.

Members expressed concern that temporary staff was not cost effective and asked who decided whether to recruit fixed term or agency staff. The Chief Finance Officer confirmed that it depended on the nature of the role and if it was a statutory role the Council would need to recruit immediately to fulfil their statutory duty. With the move to Unitary, less permanent staff would be recruited and temporary workers would be needed to undertake fixed term assignments.

A question surrounding business grants and the slow response of the Council to release grant funding was raised and the Chief Finance Officer responded by explaining that the

Borough was presented with £37m of funding that needed to be distributed, and the Council's gross budget was only £30m. The Council was instructed to pay businesses by reversing direct debit payments, but this raised the problem of issuing refunds to businesses who did not pay by direct debit. A process was put into place to assess and pay businesses as a portal was created to issue these refunds with pre-checks to prevent fraudulent activity. LGSS and BDO assisted with building and testing the portal to ensure consultancy and strong governance had taken places to ensure the process was robust before being put into practice.

RESOLVED:

- 2.1 That the Committee noted the Governance Report.
- 2.2 That the Governance report continues to be presented to the Committee quarterly with appendices where relevant.

ACTION: Updated governance report to include the use of temporary workers would be brought to the next meeting.

The meeting concluded at 7:46 pm

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Appendices:

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NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Update on Preparation of 2019-20 Accounts
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	24 August 2020
Policy Document:	No
Directorate:	Chief Finance Officer
Accountable Cabinet Member:	Cllr Brandon Eldred

1. Purpose

1.1 To inform the Audit Committee about the current position with preparing the 2019-20 Statement of Accounts.

2. Recommendations

2.1 It is recommended that the Audit Committee note:

2.1.1 The progress towards completing the Statement of Accounts for 2019-20.

3. Issues and Choices

3.1 Report Background

- 3.1.1 This report provides an update on the preparation of the Statements of Accounts for Northampton Borough Council for 2019/20

3.2 Preparation of Statement of Accounts

- 3.2.1 The 2019/20 draft Statement of Accounts is currently being prepared. It was hoped that an initial version of draft accounts would be available for this meeting. However difficulties have been encountered in finalising some of the figures due to recent turnover of staff and it has not been possible to progress the accounts to a state whereby they are ready to be reviewed. The final entries are currently in the process of being agreed and posted to the Council's general ledger. Once this is complete, the main financial statements can be extracted and balanced.

- 3.2.2 The accounts will only be published after undergoing a significant quality assurance process in order to provide assurance to all stakeholders over the accuracy of the information provided within the accounts.

- 3.2.3 The delay means that the Council will not be in a position to meet the requirements of the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, to open the financial records for inspection for a period of thirty working days from Tuesday 1st September 2020. A notice will need to be placed on the Council's website to explain the delay.

- 3.2.4 The intention remains that the 2019/20 draft Statement of Accounts will be complete before the 2018/19 accounts audit resumes to ensure that the resources remain available to ensure sufficient progress can be made on each.

3.3 Choices (Options)

- 3.7.1 Although this report is just for noting, the Audit Committee have the opportunity to ask questions directly to Officers on issues associated with the completion of the statutory accounts for 2019/20.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 None to report.

4.2 Resources and Risk

4.2.1 Changes in some teams involved in preparing sections of the accounts have significantly contributed to the delay being experienced, new employees having to establish what the outstanding tasks are that need to be completed. In addition the Council has diverted significant staff resources in order to ensure that EY are provided with the information required to enable them to give their opinion on the 2018/19 statement of accounts as soon as is practicable. This will have a knock-on impact on the ability of this staff resource to complete BAU tasks.

4.3 Legal

4.3.1 The actions proposed in this report will enable the Council to meet its statutory requirements of finalising its 2019/20 Statement of Accounts.

4.4 Equality

4.4.1 Not applicable.

4.5 Consultees (Internal and External)

4.5.1 External Auditors, EY

4.5.2 Corporate Management Board

4.6 Other Implications

4.6.1 None.

5. Background Papers

5.1 None

Stuart McGregor
Chief Finance Officer

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Appendices: 3



AUDIT COMMITTEE REPORT

Report Title	BDO Internal Audit Update
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 24 August 2020

Policy Document: No

Services: Chief Finance Officer

Accountable Cabinet Member: Cllr Brandon Eldred

1. Purpose

1.1 To update the Audit Committee on the Internal Audit activities of BDO.

2. Recommendations

- 2.1 It is recommended that the Audit Committee note:
- a) the Internal Audit Annual Report for 2019-20
 - b) the Internal Audit Follow Up Report as at August 2020
 - c) the Progress Report as at August 2020.

3. Issues of note

3.1 Report Background

BDO provide the Internal Audit Function for Northampton Borough Council, including the designated role of 'Head of Internal Audit.

The attached reports from BDO outline the work they have undertaken and their view of the current position in respect of these audits and their associated observations and management actions.

The revised Internal Audit Plan for 2020-21 is provided in as separate report by the Chief Finance Officer.

3.2 Issues

Specific issues in respect of individual audits and response times are contained within the BDO reports attached as appendices.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no policy implications associated with this report.

4.2 Resources and Risk

4.2.1 There are no resource or risks implications associated with this report.

4.3 Legal

4.3.1 There are no legal implications associated with this report.

4.4 Equality

4.4.1 There are no specific equality impacts relating to this report.

4.5 Consultees (Internal and External)

4.5.1 The reports have been shared with the Corporate Management Board and the Governance and Risk Manager.

4.6 Other Implications

4.6.1 None

5. Background Papers

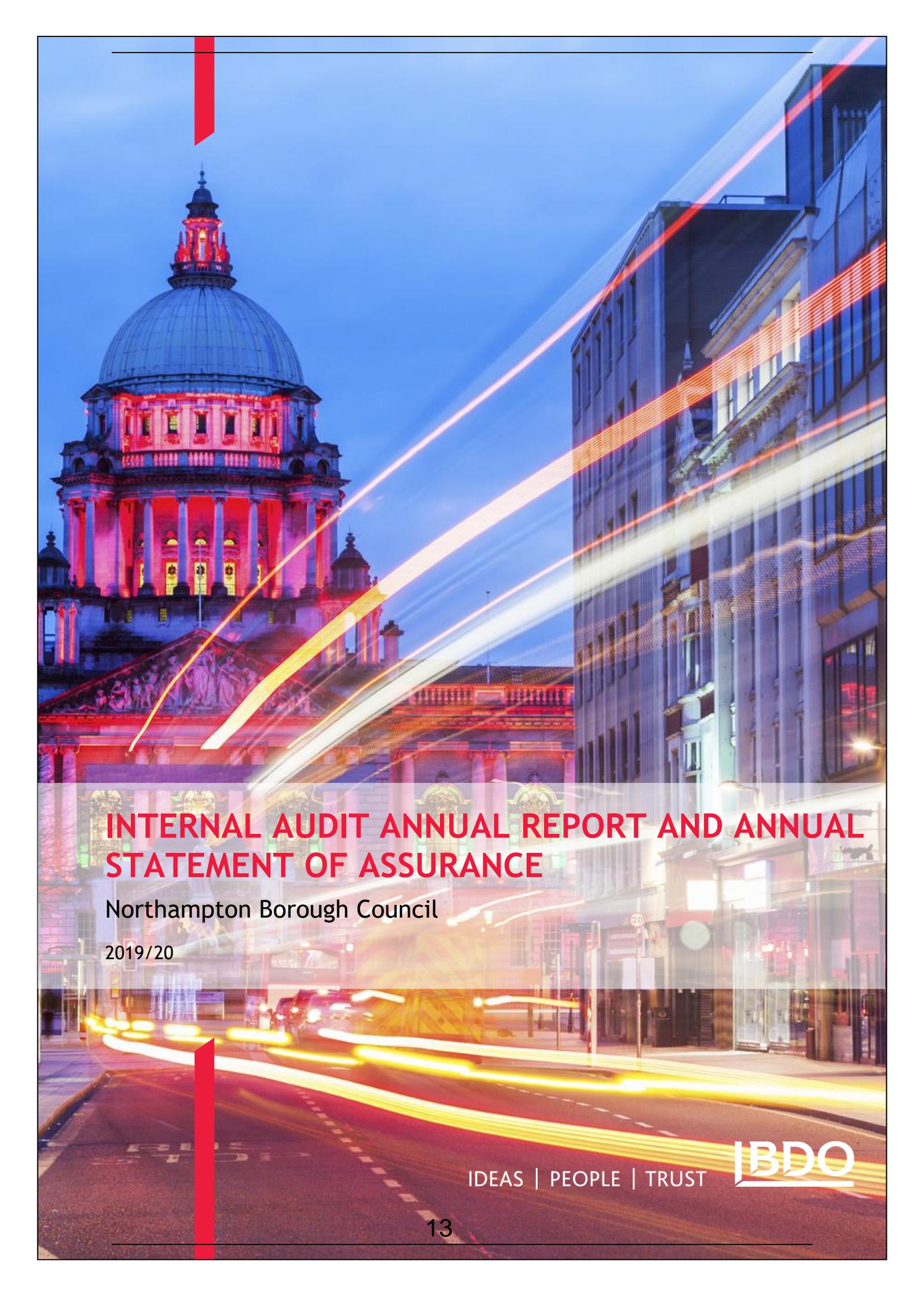
5.1 Appendices:

5.1.1 Northampton Borough Council Annual Report

5.1.2 Northampton Borough Council Internal Audit Follow Up Report

5.1.3 Northampton Borough Council Progress Report

Gurpreet Dulay – NBC BDO Internal Audit Manager
Stuart McGregor – Chief Finance Officer



INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE

Northampton Borough Council

2019/20

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SUMMARY OF 2019/20 WORK

Internal Audit 2019/20

This report details the work undertaken by internal audit for Northampton Borough Council (the Council) and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- Planning and Section 106
- Enterprise Zone (Economic Growth)
- Contract Management
- Asset Management
- Disabled Facilities Grant
- Health and Safety
- Cyber Security
- GDPR Compliance

A review of Safeguarding had been planned for late 2019 which had then been moved to March 2020 at the request of the Council due to resource constraints, however, due to the disruption caused by Covid-19 we were unable to undertake this review during 2019/20. This review has been anticipated to be rescheduled to July 2020.

We have detailed the opinions of each report and key findings on pages four to seven. Our internal audit work for the 12 month period from 1 April 2019 to 31 March 2020 was carried out in accordance with the internal audit plan approved by management and the Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Full Council, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion of Moderate on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- We issued a Limited report on Asset Management and Disabled Facilities Grants and six Moderate or Substantial/Moderate reports during the year. This included key areas including Health and Safety, Cyber Security and GDPR Compliance. The number of recommendations have decreased by from 60 in 2018/19 to 25 in 2019/20, albeit there were three fewer reviews completed during the year. This reflects the improvement from the Limited Opinion issued in 2018/19.
- There has been a significant improvement in the implementation of 2018/19 and 2019/20 recommendations during our follow ups. In the prior year we reported weaknesses in the implementation of recommendations, with only 20% implementation and there was a widespread

lack of engagement with the internal audit process i.e. responding to internal audit report recommendations. In 2019/20, this engagement has improved and agreements to reports are more prompt but there remain instances where there are still delays. In the year, the implementation of 2018/19 recommendations increased from 20% at the end of 2018/19 to 82% at June 2020 and completion of 2019/20 recommendations was 76% in our follow ups during the year.

Overall, we are pleased to note the improvement in our audit results, which support an overall moderate assurance opinion. However, we note that there has been some issues in the year around the cohesiveness and stability of the Council's management team. This has had no direct impact on the audits we have performed but it will be important to address these as the Council moves towards unitary status.

We have held discussions with the Council's external auditors, EY, and whilst we are not able to provide any information about their work on the Council's financial statements we have identified that there are several challenges facing the Council next year. Managing Covid-19 and the additional work created by preparations for Unitary is a further challenge and so a moderate opinion may prove to be more challenging to achieve in 2020/21. Please see page 15 of this report which sets out the scope of our opinion in more detail.

REVIEW OF 2019/20 WORK

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Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Planning & Section 106		1	2	Substantial	Moderate	<p><u>Overall Conclusions</u></p> <p>Governance structures were in place for effective identification, processing and monitoring of planning applications supporting timely completion of applications despite a comparably small Development Management team. There was inadequate document retention evidencing Section 106 fund spending but the new Civica system should result in this improving in future.</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> • Documentation of spending of Section 106 funds should be retained on the Civica system and older agreements should be reviewed so that the Council can ascertain how much evidence they can provide on how the money was spent • Overtime hours should be analysed and presented to Departmental Managers meeting (DMT) and support the planning team to assess the adequacy of resources available to the team • The Outturn Report should be produced in a timely manner detailing performance against the KPIs.
Enterprise Zone		3		Moderate	Moderate	<p><u>Overall Conclusions</u></p> <p>Governance structures were clear and regular meetings at various levels provided strong monitoring of ongoing project developments. However, there was some non-compliance with risk registers which could increase the risk that the objectives of the NWEZ are not achieved and there are opportunities to improve scrutiny of performance.</p>

					<p>Findings:</p> <ul style="list-style-type: none"> Update the Northampton Waterside Enterprise Zone (NWEZ) to include a numerical-based rating and apply responsible officers to mitigating controls, plus adding a control around the impact of local government reform Implement risk registers for NWEZ projects managed by the Council Promote in-depth discussions about performance against the KPIs Develop a functioning website for the NWEZ and update all Board meeting minutes on it and/or the Council's website. 	
Contract Management	1	1	Substantial	Moderate	<p><u>Overall Conclusions</u></p> <p>Whilst the 2019/20 PDA with LGSS had not been signed there was strong performance monitoring in place for both the LGSS and Veolia contracts with clear scrutiny from contract managers where performance was not adequate. Furthermore, payments to both contractors were accurate and complete, although two payments to Veolia were made one day later than the contractual payment terms.</p> <p>Findings:</p> <ul style="list-style-type: none"> The Partnership Delegated Agreement (PDA) for the year 2018/19 had not been signed, and has not since been signed Invoices should be paid within a 30-day period in accordance with the Veolia contract. 	
Asset Management	3	3	1	Limited	Limited	<p><u>Overall Conclusions</u></p> <p>Progress has been made in 2019-20 with the engagement of the Corporate Asset Manager and Corporate Property Manager with the stabilisation of the teams and introduction of a number of reporting initiatives as indicated in the background above. However, there are still significant issues around data integrity, tenancy rent reviews not taking place, missing or outdated valuations and procurement for maintenance work on assets not having been fully complete.</p> <p>Findings:</p> <ul style="list-style-type: none"> Reconciliations between Agresso, the Tenancy Schedule and the RAM fixed assets module Ensure the Tenancy Schedule is up to date with the latest tenancy information and rent review memorandum's are in place

					<ul style="list-style-type: none"> Dissemination of asset management policies for the Unitary Authority once they have been agreed Property valuation evidence should be retained in a central folder and it should be ensured that they are complete Collaboration with the procurement team could improve procurement practices Ensure all maintenance work requests are transferred through the Help Desk Clarification around the use of interim Asset Management staff KPIs are agreed and presented to management.
Disabled Facilities Grant	3	2	Moderate	Limited	<p><u>Overall Conclusions</u></p> <p>There is a reasonably sound control design via the Private Sector Adaptations Policy which is being updated, however, there was consistent non-compliance with these guidelines. Consistent failures to undertake and retain evidence for property inspections, tendering of suppliers and financial assessments were not undertaken prior to approval of property works.</p> <p>Findings:</p> <ul style="list-style-type: none"> All grant funded adaptations works should be inspected and Certificate of Completion of Adaptation Works Checks between the purchase orders and the original contractor quote, then invoices should be checked against the purchase orders prior to payment Financial Assessments and Needs forms should be completed and monthly spot-checks should be conducted to ensure these are done Client Agreement forms should be signed prior to any adaptation work being completed Adequate numbers of quotes for each phase of work were not obtained We sampled a case where the total works exceeded the maximum £30k cost for works therefore preliminary and ancillary charges should be considered to ensure that they stay within the budget Claw-back payments were not included in the Private Sector Adaptations Policy however will be in the updated policy. Furthermore, the policy should be given a policy owner and version control date.
Health & Safety	1	2	Moderate	Moderate	<p><u>Overall Conclusions</u></p>

			<p>There is access to e-learning modules available to staff covering a broad range of topics including 'Stress Awareness' and 'Display Screen Equipment'. However, there were several occasions on non-completion of these. The Council regularly use contractors to provide a range of supporting services, and put on events with third-party organisers. After reviewing related documentation for examples of both of these, it was clear that work had been awarded without due consideration being given to health and safety. This includes a lack of risk assessments. However, there was a robust set of policies in place supporting responsibilities and duties in relation to health and safety.</p> <p>Findings:</p> <ul style="list-style-type: none"> • Implement a sign off process and a risk assessment pro-forma for health and safety at events in the borough • Develop a health and safety checklist to evaluate contractors against in a tender process • Embed health and safety topics in the corporate induction and require new starters to complete an e-learning module on health and safety.
Corporate Plan Progress	Cancelled	Cancelled	N/A
Safeguarding	Not Started	Not Started	Anticipated to commence in August 2020 - delayed due to officer availability
Cyber Security	3	1	<p>Moderate</p> <p>Moderate</p> <p><u>Overall Conclusions</u></p> <p>Groups and structures are in place to monitor IT infrastructure and training is maintained. Additionally, Council laptops are protected by McAfee antivirus programs and servers are protected by Trend. However, there were weaknesses around IT risk assessments and the stress testing for major incident response to verify its effectiveness.</p> <p>Findings:</p> <ul style="list-style-type: none"> • Align the IT risk register with the IT risks on the corporate risk register • Develop a scheduled plan for major incident response testing, including comprehensive cyber security testing • Assess resource and time requirements for enabling authentication control for all wired access points to the corporate network • Agree a mechanism to identify and address non-completion of cyber

						training amongst end-users.
GDPR Compliance	1	1	1	Moderate	Moderate	<p><u>Overall Conclusions</u></p> <p>Policies and privacy notes are all compliant with the Data Protection Act 2018 and are regularly updated. Furthermore, data protection impact assessments are up to date leading to a strong control framework to ensure that personal data is maintained and processed correctly. However, the LGSS contract did not include an addendum for the management of data and we identified two instances where data breaches were not resolved and reported to the ICO within the designated time frames.</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> • A contractual addendum should be agreed with the Local Government Shared Service (LGSS) around data handling • Reporting of data breaches within legislative time scales • Implement tracking methods for non-completion of mandatory GDPR training.

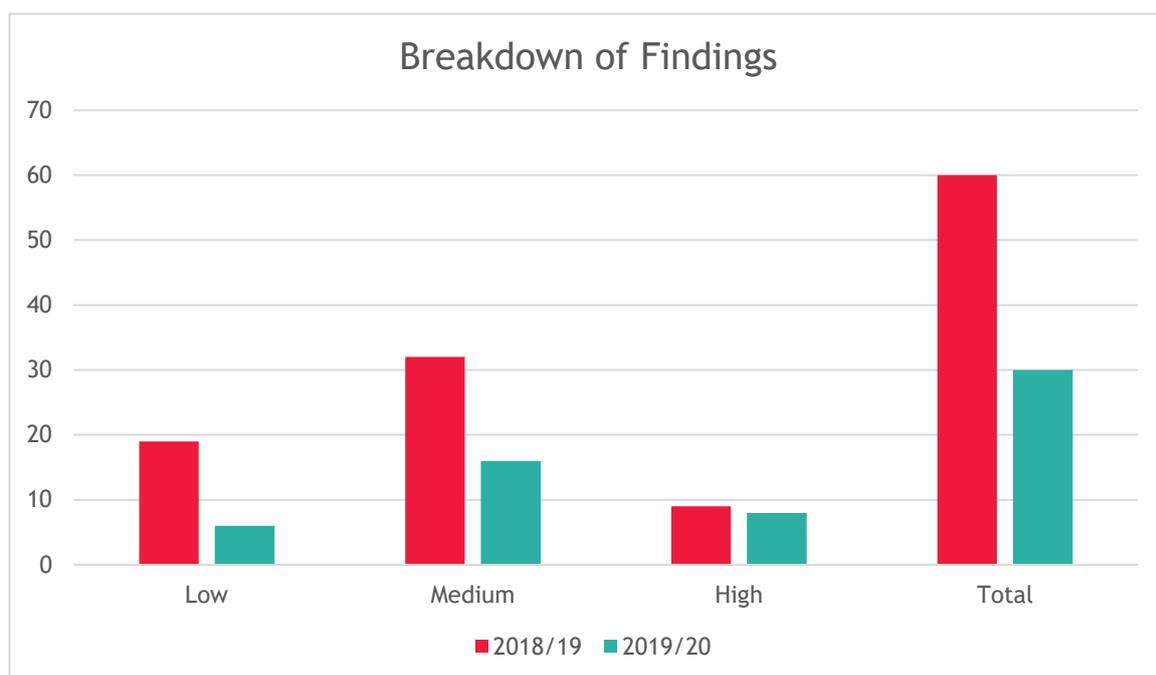
SUMMARY OF FINDINGS

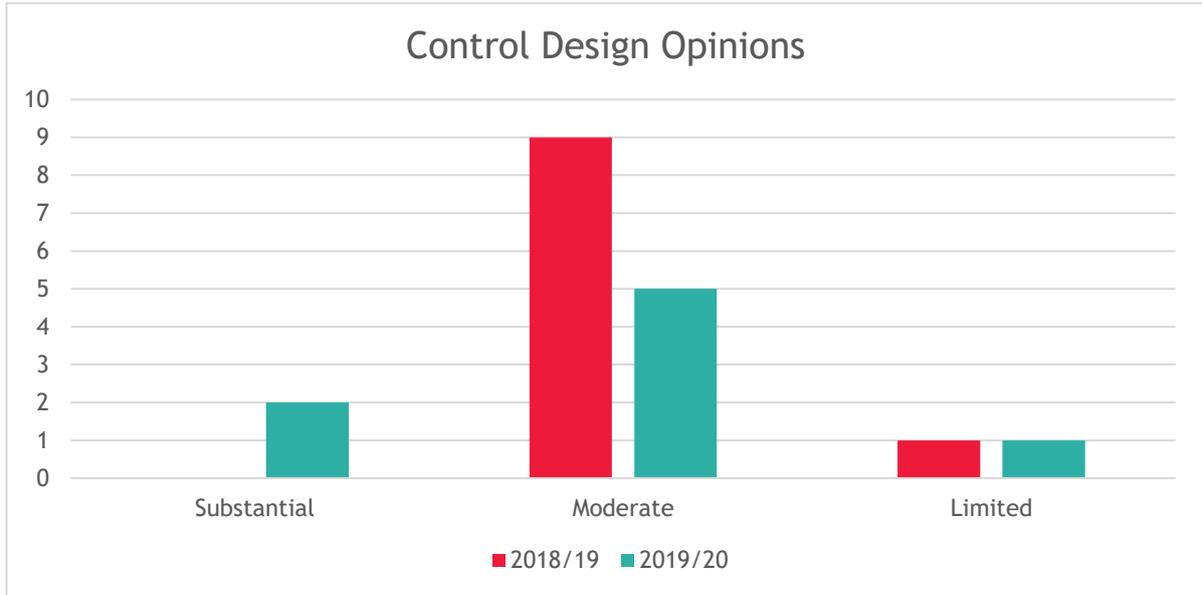
RECOMMENDATIONS AND ASSURANCE DASHBOARD

The chart shows a summary of our recommendations for 2019/20; it also shows the summary based on the previous year's work. In 2018/19 we undertook 10 reviews whereas in 2019/20 we were only able to complete seven reviews; two reviews were incomplete at the year-end due to as testing disruption caused by the COVID-19 pandemic. Therefore the chart shows the recommendations made in a like-for-like comparison to the prior year with a breakdown comparison between High, Medium and Low recommendations.

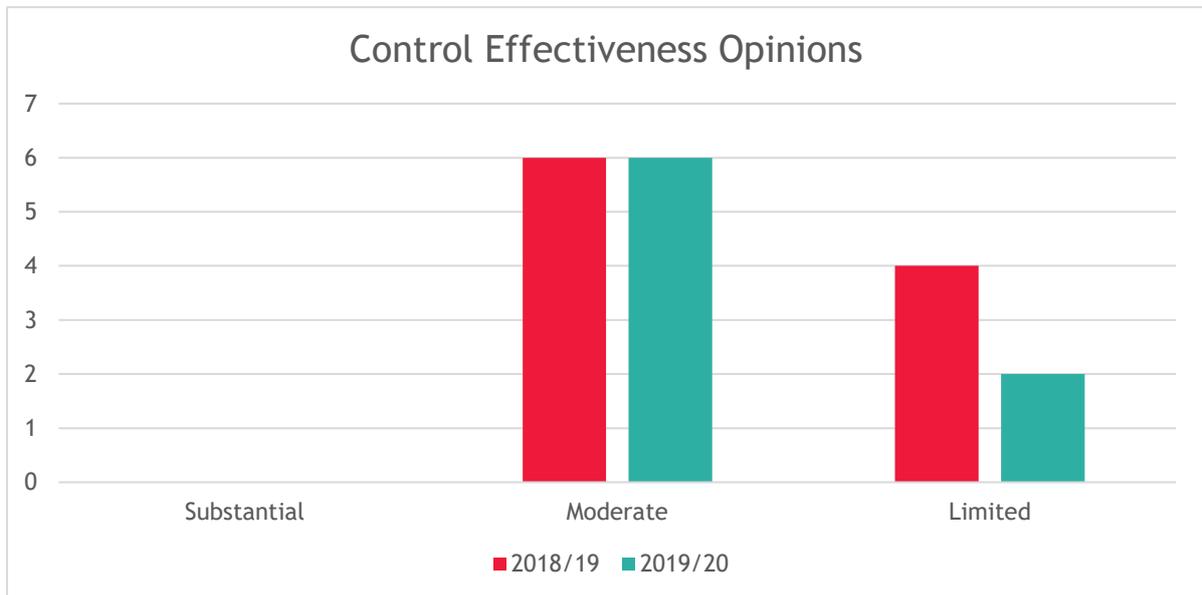
The comparison shows that there has been a 44% reduction in High recommendations and a 56% reduction in Medium recommendation which reflects the improved Moderate opinion. Furthermore, two of our reviews received Substantial for control design in 2019/20 which is an improvement from none in 2018/19. Whilst we acknowledge an improvement in overall control design and effectiveness in the Council there are further areas for improvement in corporate governance and engagement of internal audit amongst management.

Findings





In 2019/20 there were 2 Substantial, 5 Moderate and 1 Limited Opinion given for control design in reports issued during the year. This reflected an improvement from the prior year where no Substantial Opinions were given and 9 Moderate Opinions.



In 2019/20 we issued 6 Moderate Opinions for control effectiveness which is consistent with the number for the prior year. However, there was only 2 Limited Opinions given on control effectiveness in 2019/20, for the Asset Management and Disabled Facilities Grants reviews, which is 2 fewer than in the previous year.

ADDED VALUE



SUPPORT AND NETWORKING

We invited the Governance team to a Midland District Group which one member attended and we hosted to share ideas on governance and internal audit for local authorities. We also held an Accountancy Group meeting which a member of the Council attended



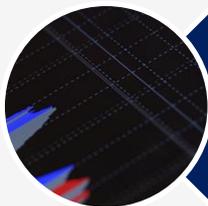
RESPONSIVENESS

Undertook extensive work to support the Council to process Small Business Grants Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF) during the COVID-19 pandemic. Whilst this was at the end of the year and forms part of 2020/21 work we managed to form a team of 10 people at short notice



BENCHMARKING AND BEST PRACTICE

We have provided benchmarking against other local authorities in the Health & Safety review, identifying specific tools that other authorities use



IT SPECIALISM

Specialist IT auditors were deployed for the Cyber and GDPR Compliance reviews

KEY THEMES



PEOPLE

The Council welcomed the internal audit process at a senior level and welcomed our reviews



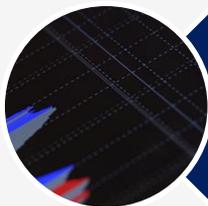
GOVERNANCE & STRUCTURES

A common theme arising from our reviews were that the Council had good governance and monitoring arrangements via departmental management meetings in various departments. Plus we noted that IT groups had been set up with key partners to manage cyber security



POLICES & PROCEDURES

Our reviews identified strong policies/procedures across several reviews including for health and safety, GDPR management, cyber security and for the planning department



FOLLOW UP

We followed up on all recommendations that were outstanding in 2018/19 and all those arising in our reports in 2019/20. There was a significant improvement from the prior year in the implementation of these recommendations, albeit some instances where due dates had to be revised multiple times still continued

BACKGROUND TO ANNUAL OPINION

Introduction

Our role as internal auditors to the Council is to provide an opinion to the Full Council, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the 12 month period from 1 April 2019 to 31 March 2020 was carried out in accordance with the internal audit plan approved by management and the Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

Scope and Approach

Audit Approach

We have reviewed the control policies and procedures employed by the Council to manage risks in business areas identified by management set out in the 2019/20 Internal Audit Annual Plan approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Council's management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Reporting Mechanisms and Practices

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

Management actions on our recommendations

Management was responsive to our internal audit fieldwork and provided us with adequate levels of time and engagement during the reviews, including opportunities to discuss findings and agree recommendations prior to the issue of draft reports. Management responses to draft reports were slow on occasion including some circumstances where we had to make four requests for a response.

Recommendations follow-up

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

We conducted follow up on a quarterly basis following up on all remaining outstanding Medium and High priority recommendations from 2018/19 reviews and Medium and High recommendations that were raised in 2019/20. Of the 2018/19 recommendations 82% are now complete or have been agreed with management to be removed. There has been a similar trend in the 2019/20 recommendations of which 76% have been completed. This is a significant improvement in the completed recommendations reported in the 2018/19 Annual Report and suggests better engagement from management. However, the due dates of some recommendations were revised up to four times, notably those arising from the Member-Officer review that was completed in 2018/19.

Relationship with external audit

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

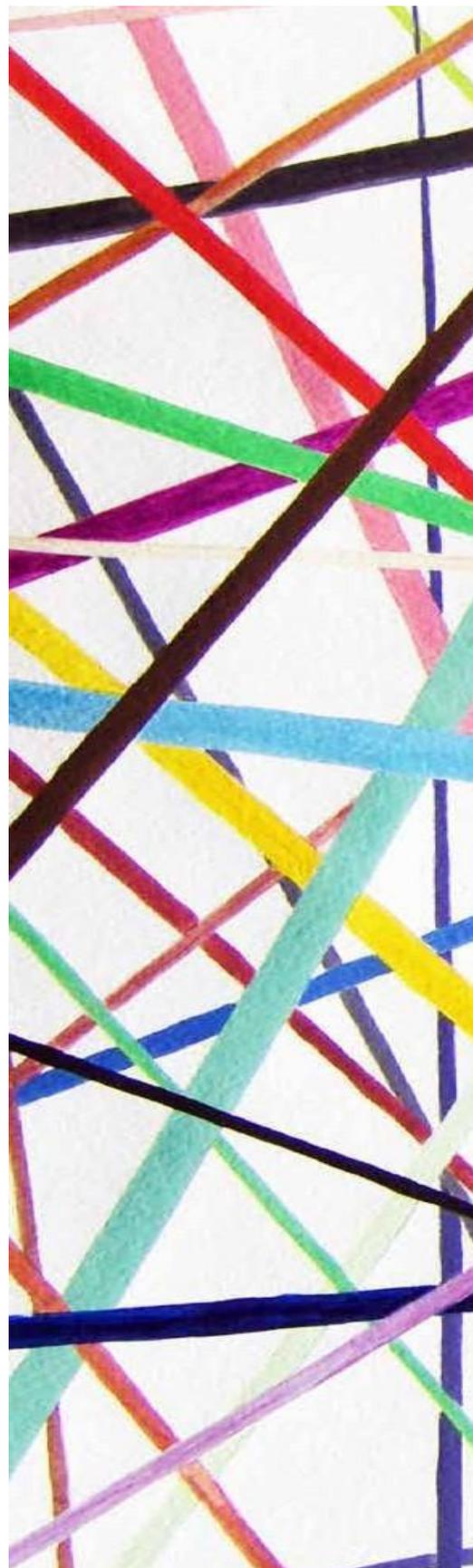
Report by BDO LLP to Northampton Borough Council

As the internal auditors of Northampton Borough Council (the Council) we are required to provide the Audit Committee, and the Members with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides the Council with Moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2019/20. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2019/20
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and that consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to the Council
- Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.



KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
Quality of work	Feedback from our reviews were positive and recommendations were agreed with management. In our surveys that we issue after each report, we received a 4/5 rating from the Chief Finance Officer on how they rated the overall audit experience for all reviews. It was recognised that in the IT reviews we did there were staffing challenges but we rectified this by the manager taking forward the work.	●
Responsiveness of the Service	We have responded to deadlines and adapted to the COVID-19 pandemic by engaging with the Council to re-arrange reviews and support the processing of business grants. We supported due diligence on applications at short notice for the 2,407 grants received totalling £30.34 million.	●
Completion of the audit plan	We have completed and finalised seven of the 10 planned reviews. Changing working processes caused by the COVID-19 pandemic resulted in delays to the Safeguarding and Disabled Facilities Grant reviews and the Corporate Plan review was agreed to be delayed to 2020/21. We have given this a green status as we have completed all work assigned and any delays have been at the discretion of the Council.	●
Follow-up recommendations	We have followed up on all recommendations due prior to the end of June 2020. There has been an improvement in implementation of recommendations during the year and we have engaged with the Governance team to improve follow-up engagement from managers.	●

We will obtain feedback during the year upon finalisation of each report and feed results back to the Audit Committee.



APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

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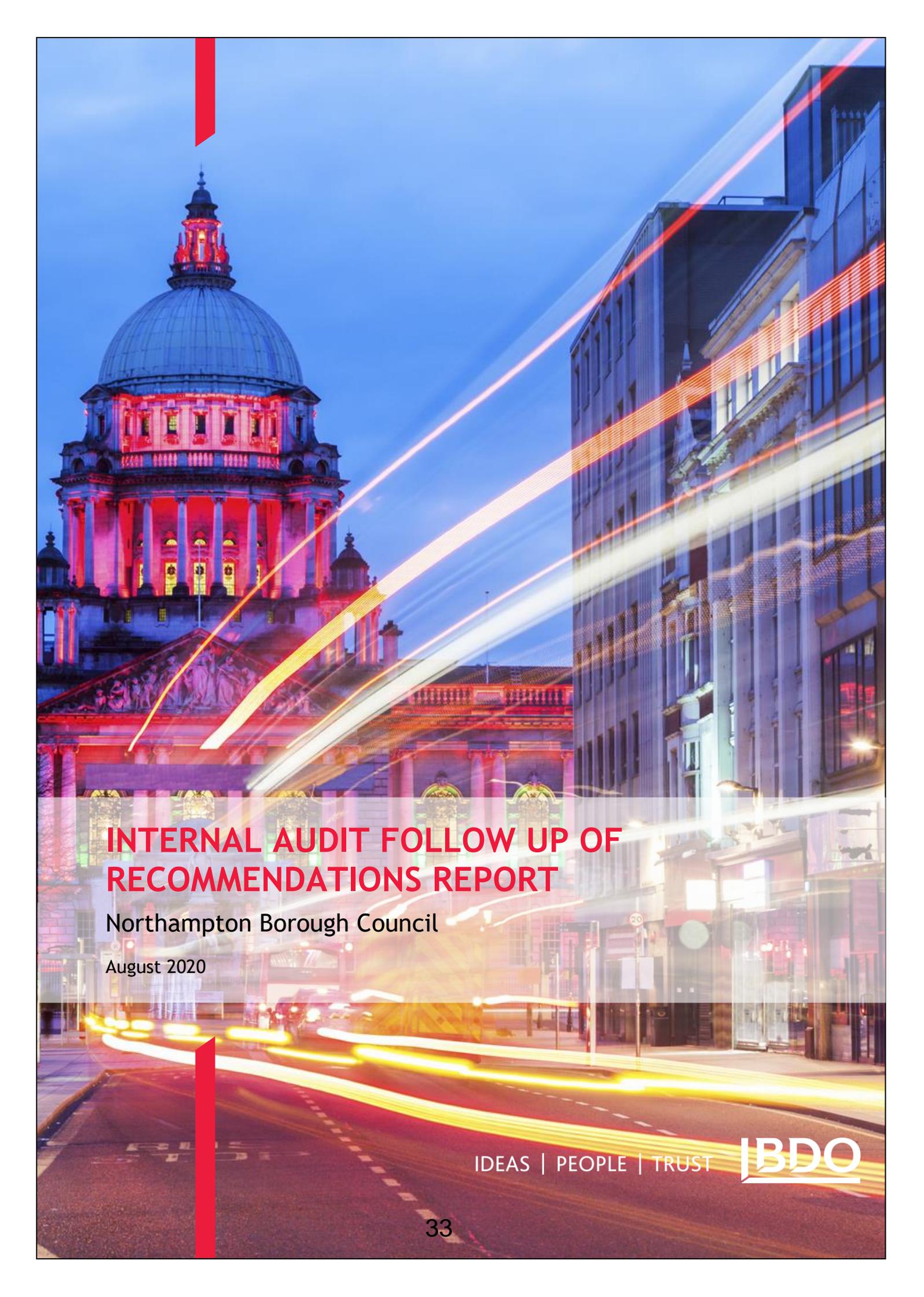
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INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

Northampton Borough Council

August 2020

IDEAS | PEOPLE | TRUST



Summary

2018/19

	Total Recs	H	M	L	To follow up	Complete		Overdue		Removed		% Complete
						H	M	H	M	H	M	
Building Control	7		7		0		6				1	100
Cash Handling	6	3	3		0	2	3			1		100
Digital Strategy	3		3		0		3					100
Housing Rents	3		3		0						3	100
Major Cap. Projects	8	1	7		0		5			1	2	100
Member-Officer	12		12		10		10		2			83
People	11	7	4		1	7	4					100
Procurement	7	2	5		1	2	3		1		1	86
Senior Mgmt. Restructure	4		4		0		4					100
Temp Accom.	9	3	6		2	3	5		1			89
	70	16	54		14	14	43		4	2	7	94

2019/20

	Total Recs	H	M	L	To follow up	Complete		Overdue		Removed		% Complete
						H	M	H	M	H	M	
Contract Mgmt.	1		1		1				1			0
Cyber Security	3		3		2				2			0
Enterprise Zone	7		7		0		7					100
GDPR	2	1	1		1		1		1			50
Health & Safety	6	2	4		0	2	4					100
Planning & S106	2		2		1		2					100
	21	3	18		5	2	14		4			76

Summary

FOLLOW UP GOING FORWARD - BDO RECOMMENDATIONS

Following the issue of reports, all due High and Medium recommendations will be followed up within this report

RECOMMENDATIONS

- 19 recommendations are due for follow-up with recommendations due prior to the end of **August 2020**
- Previous recommendations may simply have a revised date that is post this Committee and therefore, will be picked up at the next Committee

Of the 19 recommendations we followed up on:

- One High and 8 Medium recommendations were fully implemented by the Council and we received sufficient evidence to support implementation of these recommendations
- 8 recommendations were incomplete (1 High, 7 Medium) and the due date has now been revised more than twice on these recommendations, therefore they are overdue
- We appreciate that there had been progress on a number of the overdue recommendations at our previous follow up which the Council were unable to implement because of the disruption caused by the COVID-19 pandemic. Whilst this has stretched the Council's resources and meant that the 'way of working' has had to be changed, we will be following up on the overdue recommendations prior the next Audit Committee and would expect progress to be made towards implementing these.

FOLLOW UP PROCESS

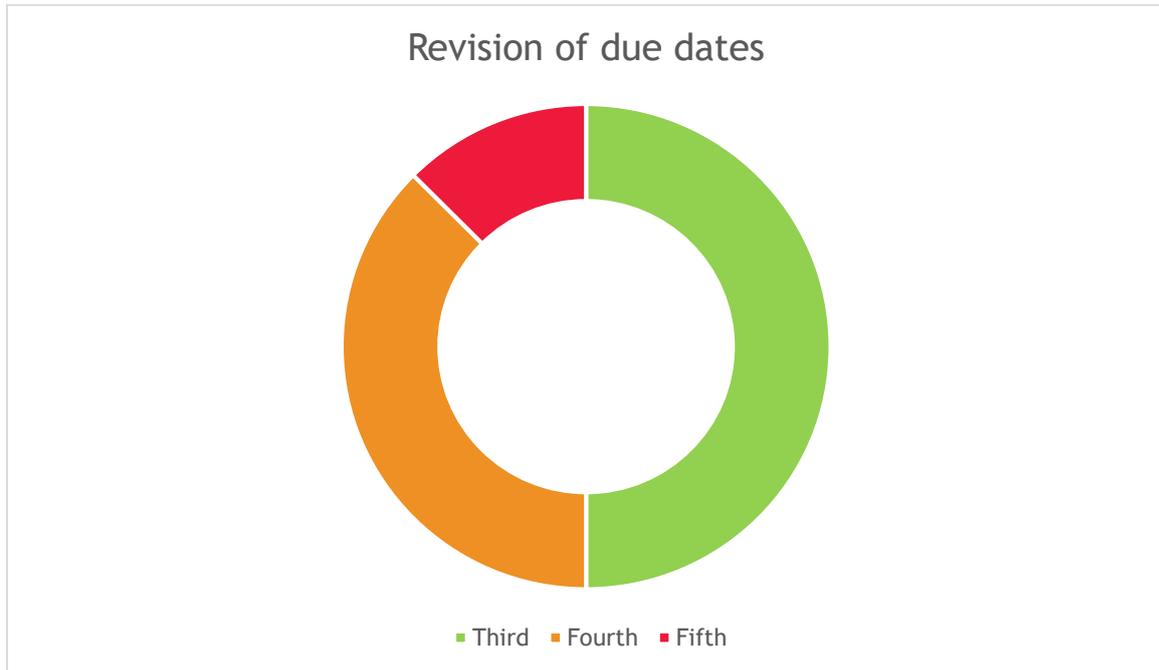
As part of the follow-up process we issued all recommendations due for implementation on or before August 2020 on 6 May 2020. Recommendations due were sent to all responsible officers and the corresponding heads of service. We gave responsible officers 6 weeks to respond. We subsequently chased officers throughout June 2020 and issued further chasers in July 2020.

We are required to escalate non responses and/or recommendations with several revised due dates to the Corporate Management Board (CMB). All responsible officers responded to our follow up within the allotted time-frame so we were not required to escalate non responses to CMB in this follow up.

For all incomplete recommendations, we will:

1. Continue to emphasise to staff to be realistic about the implementation dates when completing their management responses at the completion stage of each internal audit review
2. Issue the recommendations tracker to all the relevant Heads of services on a monthly basis from the December audit committee onwards
3. Issue reminder emails 6 weeks prior to the follow up review to ensure timely completion of each recommendation.

NUMBER OF TIMES DUE DATES HAVE BEEN REVISED



The Chart shows the amount of times that due dates have been revised for recommendations from 2018/19 and 2019/20 reviews that we have followed up to August 2020. One recommendation due date has been revised for the fifth time and three have been revised four times, two of which are recommendations arising from the Member-Officer Protocols review which was completed in January 2019.

Recommendations: Complete

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2018/19. People	The Council should complete the Workforce Monitoring Report for 2018/19 and report on website	High	Governance & Risk Manager	30/09/2019 31/10/2019 29/02/2020 31/03/2020	<p>Council Comments: The Workforce Monitoring Report's for 2018/19 and 2019/20 have both been uploaded onto the Council's website.</p> <p>IA Comments: We reviewed the website and confirmed that they were accessible on this platform.</p>
2018/19. Temporary Accommodation	All TA and prevention officers and managers should receive specialist training on conducting interviews with applicants that may be dealing with sensitive issues to ensure they are capably equipped to identify and support the TA application for vulnerable individuals. The attendance for this training should be documented and the material retained for staff to refer to at a later date	Medium	Housing Advice & Options Manager	31/10/2019 29/02/2020 30/04/2020	<p>Council Comments: The Housing Options Manager has developed performance framework documents (including Induction skill matrix) for the managers to use. The expectation within the framework that all the team members should receive at least one 1-2-1 and a case management meeting in a month from their line manager. The Housing Options Manager is in liaison with NHAS (Shelter Training) to identify relevant homelessness and interview techniques training for the whole team.</p> <p>IA Comments: We reviewed the skills matrix and performance framework and were satisfied that this fulfilled the recommendation and that training was made available to staff.</p>
2019/20. Planning & Section 106	Additionally, the Council should review a selection of older schemes, i.e. where the Agreement was signed before 2010, and trace any evidence to support the spending of the S106 income,	Medium	Director of Planning	30/11/2019 31/03/2020	<p>Council Comments: The Planning team have reviewed some a selection of older Section 106 agreements that the Council have had in place with developers and ensured that the income was received and spent.</p>

	focussing on the highest value and/or highest risk schemes. All evidence of expenditure found should be retained in Civica				IA Comments: We were provided with 3 reviews undertaken by the Council where there was supporting evidence provided by Finance for how this money was spent.
2018/19. Member-Officer Protocols	Convene an Officer-Member working group to focus on areas where disparity between Member perception of current roles, and Officer perception of current roles differ most - i.e. those highlighted by the survey for this review	Medium	Monitoring Officer	31/05/2019 31/12/2019 30/04/2020 31/08/2020	Council Comments: The Standards Committee received the report prepared by the Member-Officer Working Group and noted the contents. It was agreed by the Committee, based on the comments of the Working Group to recommend to Council to implement the Protocols document. IA Comments: We reviewed the Standards Committee minutes on 29 June 2020 and was satisfied that this recommendation was complete.
2018/19. Member-Officer Protocols	When updating the Council's Member-Officer protocol, focus on providing clarity on those areas where the survey undertaken for this review suggests that aspirations set out in the current protocol do not match reality	Medium	Monitoring Officer	31/05/2019 31/12/2019 30/04/2020 31/08/2020	Council Comments: The updated Member-Officer Protocols provides detail on the importance of Officers acting independently and members not applying pressure on Officers to change their professional advice/opinion. Particular reference is made in Section 3.10 to Members not having any communication with Officers that may bring the Council into disrepute. IA Comments: This recommendation has been completed, there is sufficient information about the Member-Officer relationship.
2018/19. Member-Officer Protocols	When updating the Council's Member-Officer Protocol, the Council should incorporate a description of a Member's role in the Member-Officer Protocol, building on the description	Medium	Monitoring Officer	31/05/2019 31/12/2019 30/04/2020 31/08/2020	Council Comments: The updated Member-Officer Protocols provides a description of the role of a Member as identified by the Constitution. IA Comments:

	currently set out in Article 2 of the Council's Constitution				The descriptions of the Member's role was sufficient.
2018/19. Member-Officer Protocols	When updating the Council's Member-Officer Protocol, draw on expectations of Members and Officers highlighted for this review, and undertake a wider engagement exercise of Members and Officers to determine expectations which are bespoke to the needs and views of the Council	Medium	Monitoring Officer	31/05/2019 31/12/2019 30/04/2020 31/08/2020	<p>Council Comments:</p> <p>The updated Member-Officer Protocols builds on the expectations of Officers to act independently and provide support to all political Groups. Furthermore, the Protocols are clear on the role of Members and the limitations in how they should act, i.e. not to put pressure on Officers.</p> <p>IA Comments:</p> <p>We reviewed the Protocols and was satisfied that there was clarity around the expectations of Members and Officers.</p>
2018/19. Member-Officer Protocols	The updated Member-Officer Protocol should make recommendations more understandable by couching them in everyday examples. For example "Councillors should not walk the floors of the Council and instruct Officers to undertake certain tasks".	Medium	Monitoring Officer	31/05/2019 31/12/2019 30/04/2020 31/08/2020	<p>Council Comments:</p> <p>In Section 3.10 of the Protocols the wording "Members must not put inappropriate pressure on employees (in particular junior employees) and must ensure that all communication between them (including written communication) does not bring the Council into disrepute, or lead to the breakdown of mutual trust, respect and courtesy in Member/employee relations".</p> <p>IA Comments:</p> <p>We are satisfied that the statement is clear that Members should not out undue pressure on Officers.</p>
2018/19. Member-Officer Protocols	Hold a joint Member-Officer session focussed on understanding respective expectations of one another. This would focus on developing an improved culture to underpin the refreshed Member-Officer Protocol	Medium	Monitoring Officer	31/05/2019 29/02/2020 30/04/2020 31/08/2020	<p>Council Comments:</p> <p>A Member-Officer Working Group was set up to fulfil this requirement. The Member-Officer Protocols have been updated following comments from this working group.</p> <p>IA Comments:</p>

					We are satisfied that the recommendation has been implemented.
2018/19. Member-Officer Protocols	When updating the Member-Officer Protocol, the Council should introduce a clear process for complaints by Officers about the conduct of individual Members. Such a process exists in protocols held by other Councils which were reviewed as part of this audit. This process should set out who Officers can raise complaints with, provide an appeal route if they are not happy with how this complaint has been treated, and a method for logging complaints received. The updated Protocol should also state that Group Leaders have a responsibility for the behaviour of their Group Members towards Officers	Medium	Monitoring Officer	31/05/2019 31/12/2019 30/04/2020 31/08/2020	<p>Council Comments: The Member-Officer Protocols makes reference to the <i>Arrangements for dealing with allegations of breaches of the Northampton Borough Council Members' Code of Conduct and of Codes of Conduct adopted by Parish Councils</i> which outlines the employee complaint process in full.</p> <p>IA Comments: Reference to the Code of Conduct is adequate to outline a clear and appropriate complaints escalation procedure.</p>
2018/19. Member-Officer Protocols	Update the Member-Officer Protocol to express that Members are entitled to receive a timely response to enquiries on behalf of ward residents, and agree with Members what this timescale might be	Medium	Monitoring Officer	31/05/2019 31/12/2019 30/04/2020 31/08/2020	<p>Council Comments: Within the Acceptable Behaviours section of the updated Member-Officer Protocols it has given "Prompt responses to enquiries" as an example.</p> <p>IA Comments: This recommendation has been implemented.</p>

Recommendations: Overdue

These recommendations have been marked as overdue as they have previously revised their implementation date. Therefore, they have now missed at least two implementation dates.

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2018/19. Procurement	The Council should give procurement and contract refresher training for staff involved with high-value contracts	Medium	Monitoring Officer & Chief Finance Officer	30/06/2019 31/08/2019 31/10/2019 31/01/2020 31/03/2020 30/09/2020	<p>Council Comments: Due to the COVID-19 pandemic the Council were unable to complete the training sessions on the originally planned dates and have therefore re-scheduled to when the office re-opens. The training had originally been planned for 30 March - 2 April 2020</p> <p>IA Comments: We have provisionally revised the due date to September 2020 however we accept the implementation of this recommendation is contingent on face-to-face training being possible.</p>
2018/19. Temporary Accommodation	The Spend to Save Policy should be updated with limits on funds that can be granted/loaned to clients. Once updated, the Council should review the funds allocated to the Scheme and assess whether they are adequate	Medium	Housing Advice & Options Manager	31/10/2019 29/02/2020 31/05/2020 31/08/2020	<p>Council Comments: New Homeless Reduction Manager and Social Lettings Manager have now been in post since April 2020. They are now reviewing Spend to Save Policy and in line with new private sector property suitability criteria. At the same time they will review the funding limits, what checks need to be carried out and who should authorise the payment.</p> <p>IA Comments: The implementation of the Spend to Save Policy and the progress of the checks will be followed up at the next Audit Committee.</p>
2018/19. Member-Officer Protocols	Run an organisation-wide training programme on the Protocol once it has been refreshed - cascading training down through	Medium	Monitoring Officer	31/05/2019 29/02/2020 30/04/2020 31/08/2020	<p>Council Comments: The draft protocol was to be considered by Standards Committee on 23 March, however, in common with other face-to-face</p>

	political groups, Heads of Service and to CMT meetings run by Heads of Service				meetings, this was cancelled due to the COVID-19 restrictions. The Council are awaiting confirmation from the Democratic Services team that the appropriate software licences are in place so that they can commence testing for compatibility with the 'flexibility regulations'. Virtual meetings will then be implemented to replace postponed meetings. IA Comments: We appreciate the disruption caused by the COVID-19 with face-to-face meetings. This will be followed up at the next Audit Committee.
2018/19. Member-Officer Protocols	When holding training for Members on the Officer-Member Protocol, the importance of appropriate tone, and not influencing Officer reports, should be emphasised through a series of scenario-based exercises to reduce the likelihood that either element of the Protocol is unintentionally breached	Medium	Monitoring Officer	31/05/2019 29/02/2020 30/04/2020 31/08/2020	Council Comments: The draft protocol was to be considered by Standards Committee on 23 March, however, in common with other face-to-face meetings, this was cancelled due to the COVID-19 restrictions. The Council are awaiting confirmation from the Democratic Services team that the appropriate software licences are in place so that they can commence testing for compatibility with the 'flexibility regulations'. Virtual meetings will then be implemented to replace postponed meetings. IA Comments: We appreciate the disruption caused by the COVID-19 with face-to-face meetings. This will be followed up at the next Audit Committee.
2019/20. GDPR	Management should agree a contractual addendum as part of the outsourced agreement held with LGSS for the provision of	High	Data Protection Officer	30/11/2019 31/03/2020 30/09/2020	Council Comments: In light of the issues/uncertainty surrounding LGSS at the moment, the PDA extension has not been

	revenues and benefits				signed. If and when that happens this will be addressed then. IA Comments: We appreciate there is uncertainty with the LGSS and that this will be followed up at the next Audit Committee
2019/20. Contract Management	The Council should ensure that the PDA extension with LGSS is signed by both parties	Medium	Chief Finance Officer	30/11/2019 31/03/2020 30/09/2020	Council Comments: In light of the issues/uncertainty surrounding LGSS at the moment, the PDA extension has not been signed. If and when that happens this will be addressed then. IA Comments: We appreciate there is uncertainty with the LGSS and that this will be followed up at the next Audit Committee
2019/20. Cyber Security	Regular internal cyber security risks assessments are performed to identify cyber security threats. There is also a need to ensure alignment between IT risks identified by the Council on the Corporate Risk Register and those on the IT Risk register. The IT risk register may be further sub-divided into cyber security risks and other IT risks until the cyber security risk management becomes embedded	Medium	ICT Service Delivery Client Manager	31/12/2019 30/04/2020 30/09/2020	Council Comments: There has been progress on alignment of IT risks identified on the Corporate Risk Register and the IT Risk Register but the Council are awaiting final confirmation from LGSS IT on this. IA Comments: This will be followed up at the next Audit Committee.
2019/20. Cyber Security	A scheduled plan for major incident response scenario testing should be developed and approved by the Digitalisation, Cyber security and Data Protection Group. Regular comprehensive	Medium	ICT Service Delivery Client Manager	31/12/2019 30/04/2020 30/09/2020	Council Comments: This process was delayed by the COVID-19 pandemic and will not be completed until business as usual returns following the pandemic. IA Comments:

cyber security testing should be included in the plan

This will be followed up at the next Audit Committee.

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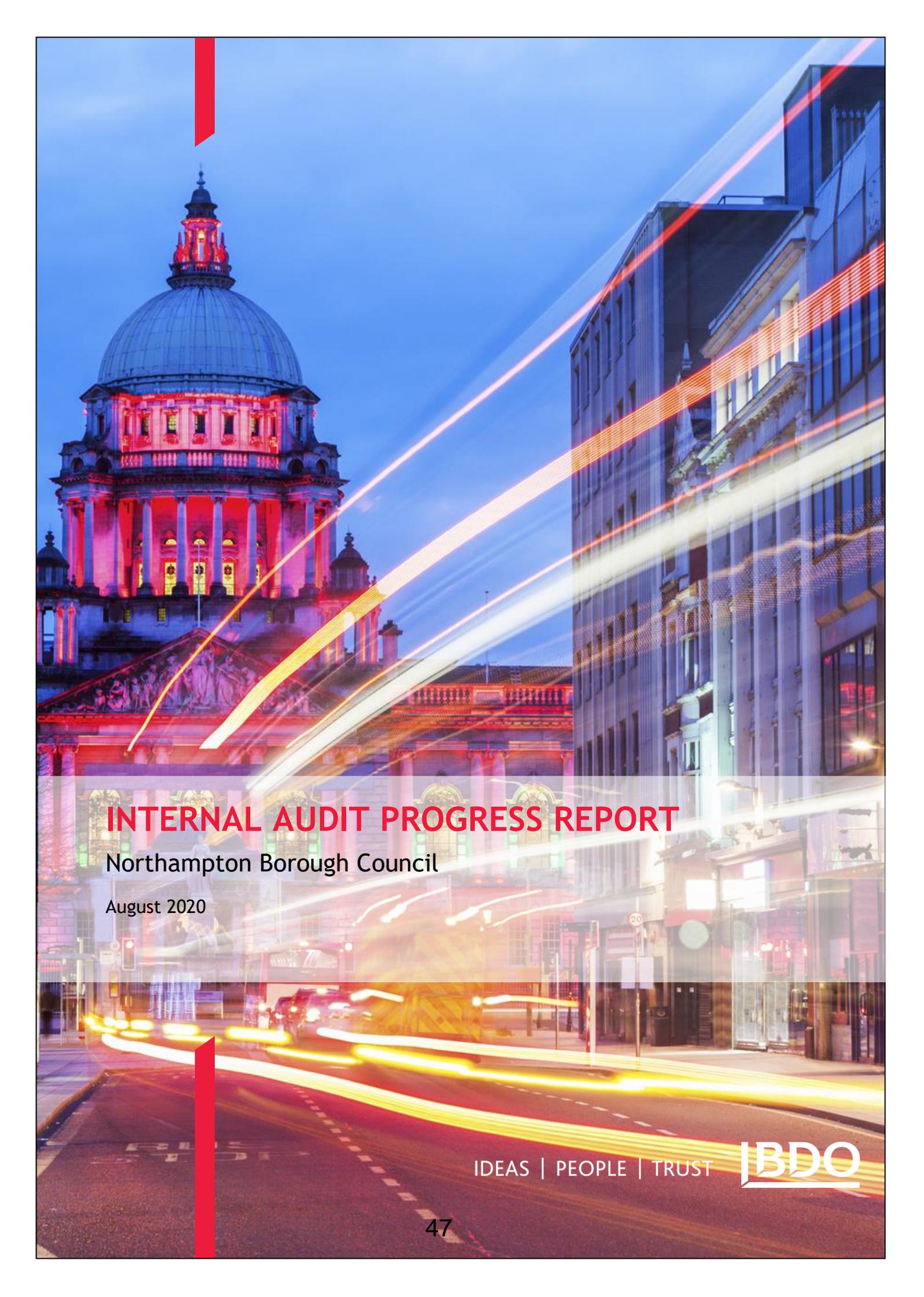
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INTERNAL AUDIT PROGRESS REPORT

Northampton Borough Council

August 2020

IDEAS | PEOPLE | TRUST



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SUMMARY OF 2019/20 AND 2020/21 WORK

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2019/20 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2019/20 Internal Audit Plan

We are now making good progress in the delivery of the 2019/20 audit plan, and we are pleased to present the following reports to this Audit Committee meeting:

- Asset Management
- Disabled Facilities Grant

We are also completing the fieldwork on the following audits:

- Safeguarding

We anticipate presenting this report at the next Audit Committee.

2020/21 Internal Audit Plan

There have been changes to the 2020/21 Plan with the removal 4 reviews as shown on page 5. These have been agreed with the Section 151 Officer, Chief Executive and Head of Internal Audit. All 2020/21 audits have been planned with Terms of References issued.

Other reports

We are also reporting our Annual Opinion for 2019-20 and our follow-up of recommendations report which are both under separate cover.

REVIEW OF 2019/20 WORK

Audit Area	Audit Days	Exec Lead	Status Update	Opinion	
				Design	Effectiveness
Planning & Section 106	20	Peter Baguley, Director of Planning	Final	Substantial	Moderate
Enterprise Zone	15	Kevin Langley, Economic Growth & Regeneration Manager	Final	Moderate	Moderate
Contract Management	15	Stuart McGregor, Chief Finance Officer	Final	Substantial	Moderate
Asset Management	20	Kevin Langley, Economic Growth & Regeneration Manager	Final	Limited	Limited
Health & Safety	15	Stuart McGregor, Chief Finance Officer	Final	Moderate	Moderate
GDPR	15	Stuart McGregor, Chief Finance Officer	Final	Moderate	Moderate
Cyber Security	15	Stuart McGregor, Chief Finance Officer	Final	Moderate	Moderate
Disabled Facilities Grant	20	Phil Harris, Director of Housing	Final	Moderate	Limited
Safeguarding	15	Phil Harris, Director of Housing	Fieldwork commenced 19 August 2020	TBC	TBC
Corporate Plan Progress	10	George Candler, Chief Executive	Removed from plan		
Additional Unitary Work	25	Stuart McGregor, Chief Finance Officer	Removed from plan		

2020/21 INTERNAL AUDIT PLAN

Audit Area	Audit Days	Executive Lead	Planning	Fieldwork	Reporting	Opinion		
						Design	Effectiveness	
HMO Licensing & Enforcement	20	Phil Harris, Director of Housing	✓	14 December 2020				
Licensing	10	Marion Goodman, Director of Customer & Communities	✓	16 November 2020				
Climate Emergency (Environment)	12	Peter Baguley, Director of Planning	✓	2 November 2020				
Treasury Management	15	Stuart McGregor, Chief Finance Officer	Removed from plan					
Northampton Partnership Homes (NPH) Service Level Agreement	20	Phil Harris, Director of Housing	✓	9 November 2020				
Capital Projects	15	Kevin Langley, Economic Growth & Regeneration Manager	✓	12 August 2020				
Gifts & Hospitality	12	Francis Fernandes, Monitoring Officer	Removed from plan					
Corporate Plan Progress	15	George Candler, Chief Executive	Removed from plan					
Social Lettings Agency	15	Phil Harris, Director of Housing	✓	5 October 2020				
Unitary	27	Stuart McGregor, Chief Finance Officer	✓	As required				
Use of Volunteers (Nightshelter)	12	Phil Harris, Director of Housing	Removed from plan					

ASSET MANAGEMENT

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS

High	3
Medium	3
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 7

KEY FINDINGS

- The following reconciliations are not in place at the time of the review; reconciliation between (a) the Tenancy Schedule and RAM for completeness of records and accuracy of valuations and (b) the Tenancy Schedule and Agresso for completeness of records and accuracy of valuations. In addition the updates to the Tenancy Schedule do not indicate who made the changes and dates changes were made. **(Finding 1 - High)**
- The Asset Management Strategy and Community Asset Transfer policy were in draft and not yet finalised. The updating of asset management and property management policies and procedures were in abeyance until an agreed unitary approach is advised. The lack of a robust community asset transfer policy has resulted in delays impacting council resources due to a lack of clarity of appropriateness of transfers and the pricing mechanisms. **(Finding 2 - Medium)**
- From our valuation sample testing we noted:
 - 7/26 - Property valuations were missing and not provided
 - 1/26 - Properties were overdue a valuation**(Finding 3 - Medium)**
- Reactive and compliance works have historically not been consistently purchased per Council procurement practice due to a lack of stability in the team, however work with the LGSS Procurement Manager is underway to resolve the issue. In addition there was inconsistency in the processing of repairs work requests from Council teams which are not always processed through the Help Desk but via telephone. **(Finding 4 - High)**
- There was inadequate resource and capacity planning of asset management project works due to a lack of manager work oversight resulting from a vacant team manager post which impacted the operations of the team. **(Finding 5 - Medium)**
- From our rental income sample testing we noted:

-
- 2/26 tenancies are out of date
 - 1/26 tenancy agreement was missing
 - 2/26 long term tenancies had no rent review narrative in the tenancy agreements
 - 9/26 tenancies had an out of date rent review
 - 13/26 rent values per tenancy schedule did not reconcile to the tenancy agreement and
 - 10/26 up to date rent review memoranda were missing and therefore the rent did not reconcile to rent reported on the Agresso finance system

In addition the Rent Arrears report is not aged and therefore did not facilitate robust debt analysis and collection. (**Finding 6 - High**).

CONCLUSION

Overall we have concluded that there is limited assurance over the design and limited assurance over the operational effectiveness of the controls in place. We have raised seven findings; three of which are high.

Progress has been made in 2019-20 with the engagement of the Corporate Asset Manager and Property Maintenance Manager with the stabilisation of the teams and introduction of a number of reporting initiatives as indicated in the background above. However, there are still significant issues around data integrity, tenancy rent reviews not taking place, missing or outdated valuations and procurement for maintenance work on assets not having been fully complete. These collectively have implications for the design and effectiveness of controls which has led to our opinion on both as limited.

DISABLED FACILITIES GRANT

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS:

High	3
Medium	2
Low	0

Total number of recommendations: 5

KEY FINDINGS

- Invoices for works completed were paid without evidence of inspections being completed or prior to inspections being completed to verify the quality of the work. (Finding 1- High)
- Despite the requirement to complete financial assessments for all adult grant applicants we were unable to verify this being completed in nine instances. Despite this all were approved. Additionally we were unable to confirm client approval of the works to be completed in 15 instances. (Finding 2- High)
- We identified weaknesses in the tendering process for works to be completed. There were three contractors used that were outside of the approved contractor list with no documentation in place to support the deviation. Additionally we were unable to verify an appropriate number of quotes were obtained in 10 instances. (Finding 3- High)
- We identified one grant paid which was above the £30,000 limit. The original grant amount was for £29,440.00 (£25,600 for works and £3,840 council preliminary/ancillary charges). Additional unforeseen works were added to the value of £4,400 bringing total of works to £30,000. (Finding 4- Medium)
- We noted that the Council has no documented clawback provisions within its Private Sector Adaptations Policy and as a result in accordance with statute cannot re-claim any funds in the event of a property sale. However the revised policy was updated during the audit fieldwork dates and now includes provisions for clawback. This is due for ratification in July 2020. (Finding 5- Medium).

CONCLUSION

We have reached a design opinion of moderate as there was generally a sound system of internal control designed to achieve system objectives with some exceptions. However we identified a number of instances of non-compliance with key procedures and controls placing the system objectives at risk. As such we have reached an effectiveness opinion of limited.

SECTOR UPDATE

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

FINANCE

Councils could need additional £6bn to balance Covid-19 spend

The organisation analysed returns councils submitted to the Ministry of Housing, Communities and Local Government on the financial impact of the pandemic earlier this month. The LGA found that the two emergency tranches of £3.2bn allocated by the government covered costs and income losses so far, but around £2bn more is likely to be needed to cover further costs of responding to the pandemic. An additional £4bn may be needed to deal with the impact of lost income from sources such as council tax, business rates and sales, fees and charges, the LGA said - stressing these figures were based on the assumption that things return to normal in July. "Vital emergency funding from government has helped meet extra cost pressures and lost income in the past three months, James Jamieson, LGA chairman said. "Concerns remain about the ongoing financial pressures ahead. Councils will need further funding and financial flexibilities in the weeks and months ahead to meet ongoing Covid-19 pressures and to keep services running normally. "Certainty around this is desperately-needed so councils can balance their budgets this year and take vital decisions about how to pay for vital local services next year."

<https://www.publicfinance.co.uk/news/2020/05/councils-could-need-additional-ps6bn-balance-covid-19-spend>

PWLB Future Lending Terms

A recent report by the National Audit Office (NAO) highlights how a minority of local authorities have started using low-cost loans from the Public Works Loan Board (a public body that lends to local authorities for capital projects) to buy investment property primarily for rental income. The case for this 'debt-for-yield' activity can be compelling for the individual local authority. But it introduces risks locally and nationally. At the local level, it exposes ratepayers to the risk that the income does not materialise, leaving the local authority with an inflexible commitment to keep up with the repayments on their loans. Within the wider public sector, it diverts money from core services such as schools, hospitals, and roads. And, because local authorities can often access debt more cheaply than the private sector, it becomes hard for businesses to compete. In the wider economy, it could crowd out public investment, and risks distorting property markets. The government has launched this consultation to work with local authorities, sector representatives, and wider stakeholders to develop a targeted intervention to stop this activity while protecting the crucial work that local government does on service delivery, housing, and regeneration. The government's overall aim in this is to secure the effective operation of the prudential system for local councils, taxpayers and for all of us that rely on local services.

Alongside the publication of this consultation, the government is cutting the interest rate on new loans for social housing and has offered over £1 billion of discounted lending for high-value local infrastructure projects. The government intends to cut the interest on all new loans from the PWLB, subject to market conditions, following the development and implementation of a robust lending framework co-designed with the sector through this consultation.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/884986/Public_Works_Loan_Board_future_lending_terms_consultation.pdf

Coronavirus: LGA statement on local government funding crisis

“Extra funding for councils will be helpful but they will need up to four times the funding they have been allocated by government so far.”

Cllr Richard Watts, Chair of the Local Government Association’s Resources Board, said: “Local government continues to lead local efforts to beat this virus but is being stretched to the maximum. Many councils continue to face spiralling cost and demand pressures at the same time as seeing a huge drop in income. This is unsustainable. “Extra funding for councils will be helpful but they will need up to four times the funding they have been allocated by government so far. We are working with councils to provide the most robust evidence to government on the financial challenges they face. Their latest monthly returns should show the impact of a full month of cost pressures and income reductions and the impact of lower council tax and business rates collection rates.

<https://www.local.gov.uk/coronavirus-lga-statement-local-government-funding-crisis>

Spelthorne receives 90% of commercial rent despite Covid disruption

The council has gained attention over recent years for its investment strategy, which relies on borrowing significant sums from the Public Works Loan Board to invest in commercial property. In a report on its economic response to the pandemic, the council said of the 10% outstanding rent, all but 3.6% has been addressed through rent deferral plans agreed between the council and the tenants. The council’s most high-profile venture was the purchase of a £360m business park in Sunbury-on-Thames in 2016, for which it took out 50 separate PWLB loans. The report said that the council’s property portfolio is valued at £1bn, and that the income is critical in funding services and tackling the Covid-19 pandemic. “As a result of our investments, we have improved the financial resilience of and increased service delivery resources in areas such as homelessness and independent living,” the report said. “This has enabled the council to pro-actively and rapidly move in response to COVID-19 to meet the needs of its vulnerable communities without reliance on government funding in advance.” The council redeployed staff to almost exclusively focus on maximizing rent receipts in order to ensure rental income was received, spending around 75% of their time in March and April on the task, the report said.

<https://www.publicfinance.co.uk/news/2020/05/spelthorne-receives-90-commercial-rent-despite-covid-disruption>

IT

Council deploys tech to identify fraud

St Albans City and District Council says it is making “good progress” in tackling fraud, after adopting new technology to identify residents who are potentially abusing council tax discounts for single occupancy. Last year, the council subscribed to a government service that pinpoints properties where suspect claims are being made, and has since begun investigating an “unusually high number” of people claiming the single person’s discount of 25% for council tax.

It’s doing so by matching discount claims with other financial and personal data that public bodies are entitled to hold. During the first three months of this year, 139 people were identified as high risk and were sent letters stating they were in receipt of single-occupancy reduction that they were not entitled to, according to a report given to a council audit committee last week. Further investigations will begin after the coronavirus pandemic passes.

“Already, more than 100 people suspected of incorrectly claiming a council tax discount have been identified along with four council homes where there may be tenancy fraud. We will look

to recover any money which the council is owed and free up properties that are in the wrong hands.”

<https://www.publicfinance.co.uk/news/2020/05/council-deploys-tech-identify-fraud>

Environment

Carbon conundrum

Local authorities have an important role to play in the UK’s goal to hit net-zero carbon emissions. But amid a flurry of ambitious pledges, Rachel Willcox asks whether they have bitten off more than they can chew.

Against a backdrop of climate demonstrations, activism and growing public concern about environmental issues, in June last year the UK became the first major economy to legislate for net-zero emissions by 2050. It committed to reducing greenhouse gas emissions by at least 100% of 1990 levels. Extreme weather conditions over the past few weeks have propelled local authorities to the frontline of dealing with climate impacts, including flooding and storm damage. Perhaps not surprisingly, many have added their names to the bulging list of councils declaring climate emergencies - at the last count, 265 of the 408 councils in England. Many have also set deadlines for becoming carbon-neutral that shun the Government’s 2050 deadline in favour of more ambitious targets. Nottingham City Council aims to become the UK’s first carbon-neutral city by 2028 (see panel). Local authorities, alongside other public sector bodies, have an important role to play in meeting the UK’s ambitious carbon reduction goals. Transport, representing the largest source of carbon emissions in 49% of local authority areas, will be a key focus, alongside energy use, housing, food, waste, buildings and land use.

<https://www.publicfinance.co.uk/feature/2020/05/carbon-conundrum>

HOUSING

Local authority set to approve council-owned housing association

Manchester City Council is set to form a part-council-owned housing development company, in a bid to provide more affordable homes.

A proposal was agreed in principle by the council’s executive committee in March, with the aim of increasing the number of multi-tenure homes for lower-income families.

The council said a local housing delivery company will ensure a supply of affordable homes at or below Local Housing Allowance, with the potential to deliver 500 homes per year up to 2025 - helping the council to meet its affordable homes delivery target by 2025.

The council said the company must deliver at least 500 homes per year, and these must be a mix of affordable homes and market homes, with the latter used to subsidise the affordable homes. It added the company must allow the council to investment land and Right to Buy receipts.

“Our affordable housing target is ambitious by design because we know that as our population continues to grow that we will need to match that growth with high-quality new homes that Manchester people can afford,” Suzanne Richards, Manchester City Council’s executive member for housing and regeneration said.

<https://www.publicfinance.co.uk/news/2020/06/local-authority-set-approve-council-owned-housing-association>

Salford agrees deal for cladding removal

Salford City Council has revised a deal with a property management organisation to remove dangerous cladding from nine tower blocks in the city.

Deputy mayor John Merry signed the agreement at a cabinet meeting earlier this week, after a previous proposal was rejected by the government. Pendleton Together, a subsidiary of housing association Together Housing, estimates that the cost of the work is around £32m, which it would fund under the proposed deal, a council report said.

Following the Grenfell Tower fire in 2017, the government banned the use of aluminium composite material cladding on high-rise buildings, and in 2018 announced a £400m fund to help with remediation of buildings with this type of cladding.

Subsequently, the council found nine tower blocks in the city that had ACM cladding, and the authority agreed to borrow £25m to complete the work. However, the government blocked that decision, saying it could not loan the money to a private finance initiative, which provides dividends for shareholders. The council said it was also not eligible for funding under the terms of the remediation fund. A part of the deal, the council has set aside £4m to pay for the installation of sprinklers in the tower blocks.

<https://www.publicfinance.co.uk/news/2020/05/salford-agrees-deal-cladding-removal>

LGA responds to HCLG Committee report on homelessness and rough sleeping

"Councils want to take this opportunity to change the lives of our most vulnerable residents and stand ready to work with government on a national plan to move people into safe housing with access to wider support they might need"

It has been a monumental effort by councils to get most rough sleepers and homeless people off the streets. Councils want to take this opportunity to change the lives of our most vulnerable residents and stand ready to work with government on a national plan to move people into safe housing with access to wider support they might need for substance dependency and help with benefits, skills and getting work. We are pleased that the Committee has backed our call for councils to be able to spend 100 per cent of money from Right to Buy sales and combine receipts with other government funding pots. This, alongside extending the deadline to spend the money to at least five years, is critical to allow councils to get on with the job of building the new homes that people in their areas desperately need.

<https://www.local.gov.uk/lga-responds-hclg-committee-report-homelessness-and-rough-sleeping>

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

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Appendices:



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	LGSS Internal Audit Update – 2020-21 Revised Audit Plan
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 24 August 2020

Policy Document: No

Services: Chief Finance Officer

Accountable Cabinet Member: Cllr Brandon Eldred

1. Purpose

- 1.1 To update the Audit Committee on the planned coverage by LGSS Internal Audit in 2020-21 taking account of the impact caused by COVID 19.

2. Recommendations

- 2.1 It is recommended that the Audit Committee note the proposed audit coverage for 2020-21.

3. Issues of note

3.1 Report Background

Many financial activities transferred from Northampton Borough Council to LGSS during 2013-14 financial year. It was agreed with the S151 Officer and the Councils previous internal auditors that where LGSS have the responsibility to undertake the functions, LGSS Internal Audit would complete the assurance work, whilst the Councils internal auditors would continue to audit those aspects which remain in the direct control of the council.

This report provides the Audit Committee with an update on planned work for 2020-21 taking account of the impact caused by Covid 19.

3.2 Issues

2020-21 Revised Audit Plan

At the June 2020 Audit Committee, an update was provided and considered which focused on:

- Progress against the 2019-20 Plan as at March 2020, just before the initial lockdown took place.
- The 2020-21 Plan based on discussions with the Chief Finance Officer and the Governance and Risk Manager.

At the time that the lockdown occurred, a decision was made to suspend all internal audit activity and as a consequence, the six reviews indicated as not completed in the June 2020 update to the Committee remain outstanding. It should be noted that one of these reviews has also been included in the 2020-21 plan.

In discussions with the Chief Finance Officer, we have indicated that completing all of the remaining audits in progress or planned for 2019-20 and the proposed audits for 2020-21 in the nine months left of the financial year, will likely create a significant work pressure on the relevant services given the possible changes to the current LGSS working arrangements and the work involved in preparing to move to unitary. As a result, we have agreed a way forward and have cancelled the IT audit reviews of Northgate and Academy IT reviews given we are not aware of any specific concerns around these systems and we believe other reviews are a higher priority.

The revised plan for 2020-21 is highlighted below:

Audit	(Revised) Start Date	Status
c/fwd 2019-20 reviews		
Agresso IT Review (18/19)	August 2020	Draft
General Ledger	August 2020	Fieldwork
Treasury Management	August 2020	Fieldwork
2020-21 Reviews		
Q1-2 Balance Sheet Review	September 2020	
Q3 Balance Sheet Review	January 2021	
Q4 Balance Sheet Review	March 2021	
Council Tax	September 2020	
Business Rates	November 2020	

Audit	(Revised) Start Date	Status
Accounts Payable	January 2021	

Update on this work will be reported to the Audit Committee during 2020-21.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no policy implications associated with this report.

4.2 Resources and Risk

4.2.1 There are no resource or risks implications associated with this report.

4.3 Legal

4.3.1 There are no legal implications associated with this report.

4.4 Equality

4.4.1 There are no specific equality impacts relating to this report.

4.5 Consultees (Internal and External)

4.5.1 This update has been drafted in consultation with the Chief Finance Officer and Governance and Risk Manager.

4.6 Other Implications

4.6.1 None

5. Background Papers

5.1 None

Duncan Wilkinson - Chief Internal Auditor, LGSS

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Appendices:

1. Q1 20/21 Corporate risk register
2. Covid-19 SCG risk register
3. Brexit risk register



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Risk Register Update
---------------------	-----------------------------

AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 24th August 2020

Policy Document: Risk Registers

Services: Chief Finance Officer

Accountable Cabinet Member: Jonathan Nunn - Leader

1. Purpose

- 1.1 This report presents the Q1 Corporate Risk Register for 2020/2021, the Covid-19 SCG risk register and the current Brexit risk register.

2. Recommendations

- 2.1 That the Committee agree that the Corporate Risk Register continues to be presented quarterly as part of the Governance Report and note the SCG and Brexit risk registers.

3. Issues of note

3.1 Report Background

Previously, the Audit Committee has been presented with the Governance Report that is produced on quarterly basis. The Corporate Risk Register forms part of the Governance report and the risk registers have been requested due to the lack of update to the registers since the outbreak of Covid-19. This report shows the updated Q1 report as of 30 June 2020, the SCG register as at 31 July 2020 and the Brexit register as at 31 July 2020.

3.2 Issues

Q1 Corporate Risk register

Risk management is a key priority for the Council. Critical to the development of better risk management is the development of a tighter culture of risk identification, assessment and mitigation at all levels of the Council, including at the corporate level, with proper and regular updates to assessments of potential risks.

3.2.1 20 risks were stated on the corporate risk register as of June 2020. Of these 10% are rated red, 85% amber and 5% rated green.

3.2.2 Three risks had a change in the current rating:

1. Risk number 1: Increase in rating due to costs pressures of Covid-19.
2. Risk number 2: Reduction of rating due to Standards committee agreeing the protocol on 29th June 2020 and approval at full council on 27th July 2020.
2. Risk number 20: Increase in rating due to the ongoing discussions with LGSS over the delivery of services.

3.2.3 The corporate risk register will be updated for Q2 2020/2021 during September 2020. Any significant changes will be reported to Cabinet.

Covid-19 SCG Risk Register

3.2.4 At the outbreak of the pandemic, a Strategic Command Group (SCG) and Tactical Command Group were implemented. Part of the work of the two groups is to manage the situation and prepare risk registers to highlight the main areas of concern. The risk register is a working document, reviewed at the weekly SCG meetings and updated as and when required.

Brexit Risk Register

3.2.5 The Brexit risk register was developed in 2019 and was reviewed by the Corporate Management Board. As of March 2020 the Brexit register has not been updated but was circulated to the Corporate Management Board for review, and where required, updates and comments.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no policy changes as a result of this report.

4.1.2 There may be various impacts and changes to current policies. The governance report will assure Audit Committee that policies and procedures are being strengthened to contribute to building a strong control environment at the Council.

4.1.3 Compliance with policies will be monitored through the Internal Control reviews and reported upon through the governance structure and to the Audit Committee starting in the new financial year.

4.2 Resources and Risk

4.2.1 The Governance team are fully resourced to cover the areas reported within the Governance report. Financial implications will be reported through the budget process.

4.3 Legal

4.3.1 None to report at present.

4.4 Equality

4.4.1 Whilst there are no specific equality implications at this stage, various policies will be reviewed through the improvements in procedures throughout NBC. All reviews will be supported by equality and community impact assessments.

4.5 Consultees (Internal and External)

4.5.1 Internal consultation has taken place with Corporate Management Board and other senior officers where required.

4.6 Other Implications

4.6.1 None specifically

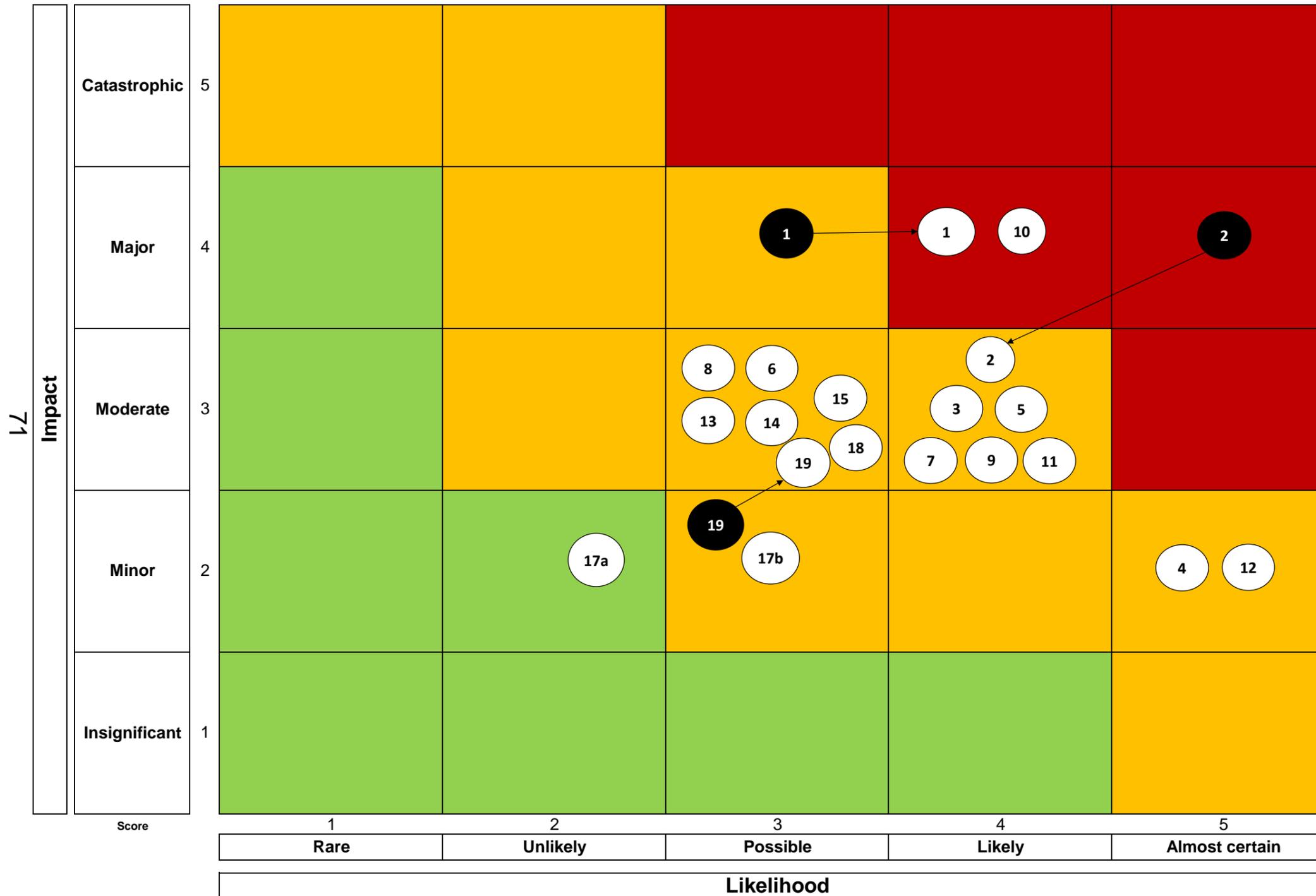
5. Background Papers

5.1 None at present

Joanne Bonham, Governance & Risk Manager

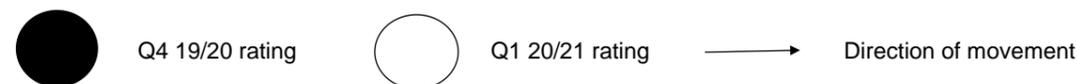
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CORPORATE RISK REGISTER
Q1 June 2020



Risks

1. Failure to deliver a balanced budget.
2. Insufficient clarity around Member and Officer roles.
3. Inadequate succession planning and staff retention.
4. Inability to meet and manage the demands of homelessness.
5. Failure to manager or failure to deliver or expose new risks as a result of poor project management practice.
6. Legal obligations under GDPR are breached.
7. Plans for improving the economic prosperity and regeneration of Northampton are not delivered.
8. NBC fails to manage its partnerships (LGSS, NPH, NLT).
9. Major or large scale incident causes business interruption.
10. Impropriety or improper business activities leading to fraud or malpractice.
11. Decisions made at Council or Cabinet level are not robust to withstand legal challenge..
12. Inability og IT to service future requirements due to cyber attack.
13. Non-compliance with Fire and Health & Safety legislation.
14. Safeguarding arrangements are not adequate to protect vulnerable adults and children.
15. Failure to deliver enough new housing.
16. REMOVED: LGR risk - To be included in LGR project risk register.
- 17a. Impact of Brexit on NBC services.
- 17b. Impact of Brexit on Northampton economy.
18. NEW RISK: Climate change.
19. NEW RISK: Loss of LGSS services



CORPORATE RISK REGISTER
Q1 June 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
1	Failure to deliver a balanced budget 20/21 – 23/24	<ul style="list-style-type: none"> • Council unable to deliver sufficient savings to balance budget • Major projects don't deliver planned benefits • Complacency in the organisation • Increased organisational change and complexity • Changes in govt. funding particularly NNDR and NHB including late Government Financial Settlement due to change in Prime minister/Cabinet • Complex challenges of addressing both the controllable and uncontrollable pressures and events that can act on both income and expenditure • Challenges of working with partnership or arms- length organisations where there is a loss of direct management control . Covid19 - income loss and uncontrollable costs 	<ul style="list-style-type: none"> • Inability to set a legal budget • Depleted Reserves • Need to realise capital receipts • Inability to deliver services to meet customer need/demand and expectations of the Council - Budget overspend not containable within normal reserves 	16	<ul style="list-style-type: none"> • Review reserves strategically • Robust monitoring of budgets by services and taking early remedial action where issues identified. • Management Board action to limit spending where appropriate and communicate to staff on spending restrictions • Bi-monthly financial reporting to Cabinet • Monthly financial reporting to the Management Board • Finance Away Days for Boards and HoS • Bi-monthly meetings between LGSS Contract Managers and the S151 officer. Improved management reporting and KPI's. • Cabinet/CMB awayday held 3rd October and 7th November 2019. • Draft balanced budget to Cabinet 23/12/19 • Public consultation to 31/1/20 - CMB monitoring budgets monthly and updating Cabinet on Covid specific risks 	12	16	<ul style="list-style-type: none"> • Change in Government funding restricts District & Borough council tax increase to 1.99%, previously increase limit was 2.99% - Actively pursuing all Government Grant opportunities - Considering what costs can be reduced from normal services and what options may go forward to Cabinet to consider 	4	CFO (S151)	Updated June 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
2	<p>Projects may be instigated outside normal process where there is a lack of clarity around Member and Officer roles.</p> <p>Reputational damage may occur should promises to the public by Members not be realised.</p>	<ul style="list-style-type: none"> Members and Senior Officers roles (formulating and administrating policy respectively) are not always clear The culture does not resonantly promote a separation of the respective roles and duties of members and officers Officers feel inhibited in giving full, objective, professional and technical advice to Members in charged political atmospheres Officers in their role seek to frustrate the strategic choices, policy and direction-setting of Members Weak management of Members by leadership in the past 	<ul style="list-style-type: none"> Significant decision-making with significant outcomes and impacts is not robust and is not properly administered or processed by the organisation The intended outcomes and objectives of decisions are not achieved or are achieved in sub-optimal terms Maladministration occurs The control environment is weakened and controls could be bypassed Potential for reputational damage and loss of public and stakeholder confidence Regulatory criticism Legal challenge may be made and increased costs incurred 	20	<ul style="list-style-type: none"> Council Constitution (incl. the Member-Officer Protocol) Cabinet reporting system Scheme of Delegation Contract Procedure Rules EPB set up to aid interface between Members and Officers. Weekly meeting with CMB and Cabinet to discuss general updates and any potential issues/gaps in information communicated. Review of EPB terms of reference (Sept 2018) Independent review by BDO as the internal auditors. Political skills training took place 17th October. 	20	12	<ul style="list-style-type: none"> Implementation of Member-Officer Protocol audit recommendations following BDO review (by Mar 20) Provision of training on Member-Officer Protocol (by April 20) Corporate training to Officers plus briefings to all staff to reiterate the standards to be enforced (by April 20) Member protocol agreed by standards committee and member officer working group, last meeting 29th June 2020. Agreed to obtain member approval at Full Council on 20th July 2020. 	12	Borough Secretary	Updated June 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
3	Inadequate succession planning, capacity and retention leading to service disruptions/non delivery	<ul style="list-style-type: none"> Salaries not competitive with LAs outside the local catchment area Reputation of the Council is not positive Perception of organisational instability Continual cost cutting Drift in staff morale Differing levels of engagement within the organisation Historic failure and disconnect of leadership to engage with staff Impact of unitary causing uncertainty Lack of HR strategic profile in the organisation Extension to Unitary launch 2020 to 2021 	<ul style="list-style-type: none"> Inability to recruit to roles (particularly key roles) Inability to retain staff (particularly key talent staff) Depressed staff morale Increased staffing costs due to agency/interim costs Staff leaving (particularly key staff) take their organisational knowledge out of the organisation when they leave No succession planning is possible particularly around specialist and qualified posts Reduced organisational effectiveness and performance Lack of organisational resilience 	20	<ul style="list-style-type: none"> Recruitment process changed eg. to advertise more widely, use of dynamic job ads and increase use of specialised agencies to find permanent staff or fixed term applicants Benefit of council pension scheme headlined to attract staff Performance appraisal rewards highly effective staff Family friendly policies, eg maternity and paternity leave Generous holiday allowance Subsidised car-parking Guildhall location Flexible working hours Inflation pay rises provided Further CMB/Cabinet review Jan/Feb 2020 - priorities and implication of unitary 	12	12	<ul style="list-style-type: none"> Review of staff Terms and Conditions (ongoing) Review of performance appraisal process (ongoing) A number of initiatives in wellbeing and communication being considered for deployment (On-going) Roll-out of Leadership Development Programme (On-going) Promote unitary as an opportunity for development CMB is considering all options to reduce the risk and any impact, CMB is being informed by views from MTUCM Uncertainty around Unitary may increase risk. Regular reporting on use of interims and spend to CMB CMB through OD & HR identifying risks and mitigations Learning and Development strategy including succession planning in draft, due to be finalised Spring 2020 	9	CFO (S151)	Reviewed June 2020
4	Inability to meet and manage the demands of homelessness in the Borough	<ul style="list-style-type: none"> Significant increases in the numbers of people who are homeless Significant increases in the number of people in temporary accommodation (TA) Welfare reform, eg. extension of the benefit cap reducing affordability of housing Households loss of private rented accommodation Difficulty in accessing private rented accommodation Shortage of social rented housing Homelessness Reduction Act increasing use of TA 	<ul style="list-style-type: none"> Increased demand leads to significantly greater costs for the Council Follow-on significant budgetary overspend occurs Pressure of financial impact of overspend of c£1.5m More homelessness applications Increased statutory duty to rehouse Increases of numbers of people in BB and TA accommodation 	16	<ul style="list-style-type: none"> Rigorous budget monitoring in place Regular financial reporting to Management Board, Portfolio-Holder & Cabinet Budget increases 19/20 for service provision and improved staffing levels. 3/4/19 - Cabinet approved a 14 point action plan for reducing the use and cost of TA Further mitigate cost <ul style="list-style-type: none"> Strategy for procuring cheap accommodation Slow demand Fortnightly meetings of multi-disciplinary TA Action Plan Implementation Group Restructure of Housing & options team Consultation completed August 2019. Restructure focussed on increasing management capacity, homelessness prevention and more effective management of homelessness and TA Recruitment of additional posts completed 	10	10	The acquisition of Beaumont House and Riverside House are now complete and work will soon be underway to convert these two redundant office blocks into a total of 120 apartments. Requested Cabinet to authorise the purchase of 130 homes and six houses in multiple occupation, through the Housing Revenue Account, in order to reduce the use and cost of temporary accommodation and increase the supply of supported housing available to people who are sleeping rough. More use of private sector properties through Social Lettings Agency's-Leasing Scheme.	10	Head of Housing	Updated July 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
5	<p>Failure to manage, deliver or expose new risks as result of poor project management practice.</p> <p>Reputational damage possible.</p>	<ul style="list-style-type: none"> Lack of a clearly-defined project management governance structure Lack of written procedures and related compliance as a source of assurance Inadequate checks and balances Inadequate project documentation maintained - business cases in particular 	<ul style="list-style-type: none"> Wrong decisions made on an unviable business case Continual review of projects – stopping unviable projects Reputation Financial costs Pressure on resources Pay back on investment funds if not delivering 	16	<ul style="list-style-type: none"> Gateway reviews conducted and reported to CMB for approval More robust governance processes (as per above risk on governance) Completion of Project Management Framework document Highlight reports reported monthly to CMB Project Managers are made accountable for reporting issues and risks to the Head of Economy, Assets and Culture Review of project management documentation to simplify and make it easier for reporting purposes (April 2019). 	12	12	<ul style="list-style-type: none"> Continue to develop and install more robust governance processes (Ongoing) 	4	Economic Growth & Regeneration Manager	Reviewed June 2020
6	<p>Legal obligations under the Data Protection Act 1998 (and also the superseding GDPR EU Regulations in 2018) are breached and there is inappropriate access and/or disclosure, corruption or loss of data</p>	<ul style="list-style-type: none"> Not implementing the new EU data protection legislation Lack of staff knowledge of policy and procedure Ineffective implementation of GDPR Regulation requirements Lack of an implementation plan for GDPR 	<ul style="list-style-type: none"> Data breaches Prosecution Fines Lack of confidence and public trust Reputational issues Member criticism 	20	<ul style="list-style-type: none"> Data sweeps Data governance Staff awareness Campaigns/refresher online training Data Protection Policy update May 2018 Follow up actions and lessons learnt communication to all staff through newsletters/all staff emails GDPR implementation plan in place Inclusion within re-launched corporate induction BDO Internal Audit review (June 2019) 	9	9	<ul style="list-style-type: none"> Continue with training on GDPR refresher courses for officers and members (ongoing) e-learning module available to all staff review and update of all policies and procedures (ongoing) Establish procedures and schedules to ensure clearance of stored documentation by December 2020 Data audits (ongoing) 	3	Governance & Risk Manager	Updated June 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
7	There are no clear plans for improving the economic prosperity and regeneration of Northampton.	<ul style="list-style-type: none"> Lack of skilled resource and vision Lack of local knowledge LGR creates political uncertainties No cohesive decision making in relation to regeneration strategy for Northampton between Officers and Members. 	<ul style="list-style-type: none"> Investors not investing in the town or pulling out of partnership arrangements Jeopardising current and future regeneration and growth projects Damage to Northampton as a place of choice 	16	<ul style="list-style-type: none"> Lessons-learned reviews being held Improved reporting through to CMB and EPB Plans being developed in terms of QA and process and service capability in structure Town Centre Masterplan developed by 'Northampton Forward' and adopted by The Council in October 2019. Development of growth team Delivery of Northampton Economic Growth Strategy (May 2020) Submission of business cases to enable Regeneration (FHSF, LGF etc) 	8	8	<ul style="list-style-type: none"> Feasibility of other project to help improve economic prosperity Further development of growth team 	2	Economic Growth & Regeneration Manager	Updated June 2020
8	NBC fails to manage its contractual partnerships with: <ul style="list-style-type: none"> LGSS NPH Veolia 	<ul style="list-style-type: none"> Loss of direct management control over activities Poor governance Lack of contract monitoring at officer level Lack of quality control Performance monitoring information is not developed Poor contract specification and understanding LGSS Services and structure review by owners 	<ul style="list-style-type: none"> Services not delivered to quality, time and cost Failure in fulfilling legal responsibilities Hindering the achievement of the councils objectives Negative impact to customers and stakeholders reputational risk to NBC Drop in services from LGSS 	12	<ul style="list-style-type: none"> Taking remedial action where required e.g. HR and Payroll coming back in-house Quarterly reports and meetings 	9	9	<ul style="list-style-type: none"> robust contract monitoring and quality control Continual review of LGSS contract Holistic/virtual team of contract managers to share good practice Internal audit report confirms adequate processes Regular discussions with LGSS MD/NCC S151/MK S151 	8	CFO (S151)	Reviewed June 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
9	Major or large scale incident (accident, natural hazard, riot or act of terrorism) business interruption affecting the council resources and its ability to deliver services and risk to safety of staff and loss of staff	<ul style="list-style-type: none"> Accident, natural hazard, riot or act of terrorism or other business interruption 	<ul style="list-style-type: none"> Lack of business continuity Council not able to deliver front-line services Council failing to meet statutory responsibilities Risk of safety to staff and loss of staff Customer needs not being met 	20	<ul style="list-style-type: none"> Updated business continuity strategy and business continuity plans partially in place with some services remaining outstanding Refreshed Critical Incident Plan Emergency Planning Work-streams facilitated by Emergency Planning lead including town centre evacuation procedures Establishment of Gold and Silver duty rota Review of high-rise buildings in the borough post-Grenfell On-going improvements identified and implemented as a result of participation in national and local exercises eg Cygnus (flu-pandemic) and Jerboa (flooding) exercises Involved in London Bridge preparedness Incident room manual reviewed and updated October 2019 Request for further nominees for EP roles circulated September 2019 Further training for emergency planning volunteers organised for October 2019 London Bridge Protocol updated October 2019 London bridge exercise 17th December 2019 Continuing improvements to BC and Emergency Planning procedures to be implemented post operations e.g. 2018 	12	12	<ul style="list-style-type: none"> Continuing work to ensure all services at the Council put in place a business continuity strategy and plan (On-going) Following the Covid-19 pandemic and emergency response Business Continuity plan format to be simplified SCG and TCG established and continue to respond to the Covid-19 pandemic Separate risk registers established for SCG and TCG Covid-19 response Clarify arrangements for business continuity responsibility for key partner organisations (On-Going) Identification and risk assessments of reception centres (On-going) 	9	CEO	Updated June 2020
10	Impropriety or improper business activities leading to fraudulent activity or malpractice	<ul style="list-style-type: none"> LGSS services returning - HR and Payroll - shifting accountabilities Lack of robust governance, procedure or process Lack of robust internal controls Inadequate reviews by internal audit on financial controls No assurance from LGSS on effectiveness of controls 	<ul style="list-style-type: none"> Avoidable financial loss Criminal prosecution Civil litigation Fines Lack of confidence from staff or public Reputational damage Member criticism 	15	<ul style="list-style-type: none"> Counter-fraud strategy in place NBC Fraud policy in place Section 151 controls Review of policy and procedure Review of LGSS Finance SLA and process Whistleblowing Policy approved by Council New suite of KPI's developed NBC fraud policy updated October 2019 	16	16	<ul style="list-style-type: none"> Quarterly balance sheet reviews of financial controls within LGSS Continued assurance of controls through bi-monthly contract management meetings with LGSS Targetted use of internal audit (BDO) in risk areas/services 	10	Governance & Risk Manager	Reviewed June 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
11	Significant decisions made at Council and Cabinet level are not sufficiently robust leading to ill informed decisions being made.	<ul style="list-style-type: none"> • Inadequate governance • Inadequate checks and balances 	<ul style="list-style-type: none"> • Civil litigation, including judicial review • Lack of confidence from staff or public • Court cases • Ombudsman reviews 	15	<ul style="list-style-type: none"> • Additional/Increased cabinet clearance protocols in place • Reworked clearance processes • EPB Officer/Member interface in operation to ensure greater understanding prior to cabinet/council meetings • Cabinet reports cleared by CMB 	12	12	<ul style="list-style-type: none"> • Completeness now a higher indicator than recorded date. • Recruitment of additional staff members in Democratic Services Q1 2020. • Workshop held with Democratic Services Officers, agreed actions include tighter monitoring of clearance process; compliance times reiterated to senior managers and included in their diaries and the creation of a manual- to be completed in August 	10	Borough Secretary	Updated June 2020
12	Inability of IT to service future requirements and or loss of IT due to failure or cyber-attack	<ul style="list-style-type: none"> • Poor governance • Lack of contract monitoring • Lack of quality control • Increased external cyber attack numbers and complexity 	<ul style="list-style-type: none"> • Services not being delivered to customers • Business interruption • Inefficient business processes and technology not adequately exploited - increased impact assessment due to Covid, remote working make 	15	<ul style="list-style-type: none"> • Review of current LGSS SLA with IT to see what can be improved and remedial action taken • IT policies and procedures reviewed and refreshed • Review of IT equipment and infrastructure • PSN Compliance achieved • Lessons-learned review implemented following ransomware attacks in 2016/17 • LGS Cyber self assessment completion completed October 2019 • Cyber attack exercise 26th July 2019 to test staff and systems with a positive outcome - heightened awareness with Covid and remote working, regular staff updates to highlight risk of phishing/scams 	10	10	<ul style="list-style-type: none"> • ICT Governance Meetings (On-going) • ICT Client Meetings to assess relationships and risks (On-going) • LGA stocktake results action plan implementation and ongoing work - 83% completed as at 31/03/20 • heightened awareness and alert by ICT Teams to spot unusual activity and pass on any specific sector warning to service users 	10	CFO (S151)	Updated June 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
13	There is non-compliance with fire and Health and Safety legislation.	<ul style="list-style-type: none"> Lack of a clear strategy Processes not followed Audits and inspections not completed in a timely manner Recommendations not escalated or followed up by service areas 	<ul style="list-style-type: none"> Continuing lack of a clear strategy /strategic direction Death or injury to public or staff Criminal prosecution or civil litigation Service stopped Loss of public trust Action by H & S executive or Northants Fire and Rescue Fines to organisation Corporate manslaughter charges Insurance claims Financial loss 	20	<ul style="list-style-type: none"> Corporate Health & Safety Group set up and in place Upskilling of managers in terms of H&S responsibilities Audit & Inspection Framework in place H&S Matrix in place cross-referencing role profiles to required H&S training Review of H&S policies and procedures and refreshed where appropriate Refresher staff comms and training Fire Marshal training completed Implementation of mandatory on-line training courses for all staff Corporate Health Safety and Wellbeing Policy presented to Council and signed off on 9th July 2018. Creation of a H & S Committee Restructure of the H & S delivery and service (2018) Mandatory e-learning modules 	9	9	<ul style="list-style-type: none"> Communication and engagement with staff through information/training sessions (On-going) Continued progress with H & S audits and inspections Active engagement through H & S Committee of management, H & S Officers, staff and TU's. Review of H & S procedures and assurance provided by NPH Work starting to clear off outstanding audit and inspection recommendations (December 2020) 	6	Governance & Risk Manager	Updated June 2020
14	Safeguarding arrangements are not adequate to protect or address concerns of vulnerable adults and children.	<ul style="list-style-type: none"> Staff lack of awareness of procedure or referral route 	<ul style="list-style-type: none"> Children or vulnerable adults harmed or put at risk of harm Criminal prosecution or civil litigation Seriously damaging reputation or NBC 	20	<ul style="list-style-type: none"> Procedures and referral routes reviewed and refreshed where necessary Refreshed procedures and referral routes communicated Designated Officer for Safeguarding as point of contact in place Series of presentations on CSE, including with Members and staff, to build awareness Increased joint working with County Council (Rise Team), other boroughs and districts, including with community safety. licencing and social landlords Scrutiny Review of CSE in the Borough Scrutiny Review gone to Cabinet Established an NBC officer group for tackling CSE. Commenced implementation of recommendations arising from the above Cabinet report (June 2019) Response to scrutiny review (December 2018) Identification of a Safeguarding Champion within each service area (June 2019). 	9	9	<ul style="list-style-type: none"> Implementation of key audit recommendations from Safeguarding audit (December 2019) Development of a programme of e-learning training for staff (January 2020) New staff completing mandatory safeguarding training as part of the induction. BDO audit due August 2020 	9	Head of Housing	Updated July 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
15	Failure to deliver enough new housing to meet targets and needs	<ul style="list-style-type: none"> Local housing market housebuilders not wanting to devalue their product by flooding the market increasing land values Scarcity of experienced trades people and of materials. 	<ul style="list-style-type: none"> Not delivering enough housing to meet local demand Increase in homelessness and demand for temporary housing Failure to meet local targets Failure to meet Housing Delivery Test resulting in increased targets Potential loss of decision making role Inability to resist housing proposals in unsustainable locations 	16	<ul style="list-style-type: none"> Secured Planning Delivery Funding to recruit Housing Delivery Manager to liaise with housebuilders and establish what is delaying delivery Regular monitoring of local and market area delivery Flexible approach to planning applications Investigating investment in infrastructure to open up allocated sites and accelerate delivery Development of a Growth Deal to secure additional resources for affordable housing, infrastructure and capacity, and planning freedoms Promotion of role within Growth Corridor Cabinet approval of £4.2m Dallington relief road September 2018. HRA cap lifted. Limitation now is capacity to deliver and the sites available. 	9	9	<ul style="list-style-type: none"> Re-focus the Housing Delivery project to develop the Strategic Plan evidence base. Issues and options consultation has taken place (Dec 2019) and will be reported in January 2020 Discussing Growth Package with MHCLG as part of Central Area of the OxCam Growth Arc, including infrastructure funding to accelerate existing and future housing and employment opportunities. (Ongoing) 	9	Head of Planning	Refreshed March 2020
16	REMOVED Q3 2018: LGR risk, to be included within the main LGR project risk register										
17a	Impact of Brexit on NBC services.	<ul style="list-style-type: none"> Brexit deal/no deal 	<ul style="list-style-type: none"> Has a direct impact on NBC services directly 	4	<ul style="list-style-type: none"> Monitoring Brexit information Continual CMB checking on services/staffing 2 hour training for all of CMB in Jan/Feb 2019 Brexit lead for NBC identified Creation of a dedicated Brexit Risk Register 	4		<ul style="list-style-type: none"> Regular Government and Regional updates Engagement with MHCLG re Brexit regular calls throughout September/October 2019 Weekly brexit bulletins Engagement with LRF training in September 2019 	4	CMB	See Brexit risk register

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q4 19/20	Q1 20/21				
17b	Impact of Brexit on Northampton economy.	<ul style="list-style-type: none"> Brexit deal/no deal Uncertainty of timing of Brexit 	<ul style="list-style-type: none"> Supply chain and people impact on businesses Economic impact drives up benefit claims 	6	<ul style="list-style-type: none"> Monitoring Brexit information Continual CMB checking on services/staffing 2 hour training for all of CMB in Jan/Feb 2019 Brexit lead for NBC identified Creation of a dedicated Brexit Risk Register 	6		<ul style="list-style-type: none"> Regular Government and Regional updates Engagement with MHCLG re Brexit regular calls throughout September/October 2019 Weekly brexit bulletins Engagement with LRF training in September 2019 	6	CMB	See Brexit risk register
18	<p>Climate change: Failure to comply with:</p> <p>a) the Climate Change (2008) Act to reduce carbon omissions below 1990 levels by 2050.</p> <p>b) Making the Borough carbon neutral by 2030</p>	<ul style="list-style-type: none"> Low resources Rapid and large scale changes to operations outside NBC's control 	<ul style="list-style-type: none"> Contributing to the decline in short term changes to the climate 	9	<ul style="list-style-type: none"> Engagement with other local authorities in the quarterly 'Climate Change Strategy Group' Baseline report to Council in January 2020 	9	9	<ul style="list-style-type: none"> Strategic approach and policy to Cabinet Q2 2020 	4	Head of Planning	Refreshed March 2020
19	Loss of LGSS services	<ul style="list-style-type: none"> Collapse of LGSS as an entity LA's are requested to repatriate the services provided by LGSS i.e. finance, insurance, procurement, IT 	<ul style="list-style-type: none"> Impact on ICT Impact on finance/budgets Year end accounts Procurement Staffing challenges 	6	<ul style="list-style-type: none"> Monitor LGSS performance quality/volume Turnover of key LGSS staff 	6	9	<ul style="list-style-type: none"> Regular discussions with LGSS MD/NCC S151/MK S151 Discussions with NCC over delivery of LGSS services under lead authority model 	6	CFO (S151)	Updated June 2020

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Future addition to Corporate risk register?	SCG ref	TCG risk register ref	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage the Risk (Key Controls)	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
Y	SCG1	TCG6	Loss of income (licensing, planning, car parking, commercial rent) and/or increased costs	<ul style="list-style-type: none"> Loss of income across multiple services Increased unfunded Covid19 costs Increased demand for services (e.g. homelessness) Reduced Government/grant funding Potential additional community demands Loss of income from civil penalty housing enforcement 	<ul style="list-style-type: none"> Income targets not met (shortfall in the Em) Reduction in service levels £2.5m budget gap (potentially offset by additional Govt. funding) 	E3	<ul style="list-style-type: none"> Keep abreast of Government and commentators views on Government funding plans via information from government, LGA, District Treasurers Assoc. DCN Identify opportunities to realise income Robust budget monitoring Recording and monitoring of losses by finance Identify Central Government grant funding opportunities Financial assistance from Central Government Reduce expenditure (where possible) Monitoring of the County and other council's position re. parking charges Regular financial updates to CMB Regular financial updates to Cabinet (27/05; 10/06; 22/07) Reports re. parking and options for charging being submitted to SCG 	D3	<ul style="list-style-type: none"> Forecasts in early months of the year will attempt to quantify the extent of potential shortfall. Further lobbying of government re funding for Covid especially re income loss Identification and estimation of impacts and future Covid related cost Capture natural savings and costs avoided Avoid recruiting to posts that do not have a material impact on core services, or income streams. Use of reserves as necessary as a last resort 16 July - additional funding allocations confirmed (£2.79m) 	D3	Stuart McGregor	23/07/20
	SCG2	TCG11	Availability of 'suitable and sufficient' Personal Protective Equipment for the delivery of NBC operational services	The availability of suitable and sufficient PPE to support NBC services is not accessible through the Council's normal procurement routes with many of the Council's suppliers reporting that stock is not available	The services may not be able to deliver normal services safely. Services will have to reduce or be amended	D3	<ul style="list-style-type: none"> Chris Stopford appointed as SPOC, reviewing needs and demands for PPE and available stock levels, coordinating the procurement of PPE for the organisation Review of PPE completed for existing needs; stock being purchased from various companies; NBC in close liaison with LRF (as at 03/06/2020 the LRF have reported that the market for the PPE which was limited is improving considerably) 	C3	<ul style="list-style-type: none"> Further reviews will be undertaken when lockdown is reduced to assess an additional staffing PPE needs as they return to normal duties and impact on PPE stock levels Additional PPE procured to facilitate the return to work plan 	B2	Chris Stopford	07/07/20
Y	SCG3	TCG13	Fraudulent activity in the a) business support grant processes b) discretionary fund processes	<ul style="list-style-type: none"> Inadequate verification processes Lack of robust internal controls 	<ul style="list-style-type: none"> Financial loss Reputational damage Fines Criminal prosecution (staff and/or businesses if fraud identified) 	C3	<ul style="list-style-type: none"> Internal audit actively involved in the process Clear eligibility criteria Clear government guidance Maintenance of records including the basis for the allocation of the discretionary fund in case of challenge Verification of all claim forms ID and bank account details are verified Payments only processed when all checks have been 	C3	<ul style="list-style-type: none"> Process and payment procedures, compliant with government guidance, are in place and signed off by internal audit and SCG 	C3	Stuart McGregor	28/05/20
	SCG4	TCG42	Support not being provided for those on the Government Shielding list and those most vulnerable in our communities	<ul style="list-style-type: none"> Timely and thorough process in place to deal with the number of requests for support being received Capacity of the community and voluntary groups to address complex needs Skills and training of the volunteers 	<ul style="list-style-type: none"> Unable to support those most vulnerable in our communities Unable to support and address all needs Safeguarding concerns 	C4	<ul style="list-style-type: none"> Northampton Community Resilience Hub established - Community Safety & Engagement Team deployed to the hub, supported by customer contact centre and other NBC staff who have been deployed to increase capacity and resilience Working with VIN as the LIO to support the community and voluntary sector. Virtual cell created to ensure regular two way comms with the groups. Using new individual volunteers to build the capacity of existing groups. Good practice guides developed and shared, including safe volunteering and safeguarding 	B4	<ul style="list-style-type: none"> Shielding is due to end on 31 July, potential impact on the local cell as the central government support comes to an end. There are 127 community and voluntary groups that are supporting the cell to offer support. 	A4	Vicki Rockall	29/07/20
Y	SCG5	TCG50 to TCG62	Financial implications as a result of: <ul style="list-style-type: none"> The implementation of government guidance covering revenues and benefits The financial impact of the Covid-19 situation on customers and businesses 	<ul style="list-style-type: none"> Changes to local economy Increased cost above budgeted amount Increased CTRS caseload Reduced payment by customers Limited recovery action Increased CTRS take-up Increase in LC Pressure on CoCs Backlog in processing Auditor availability Delay to Unitary work Delay to the LGS target operating model/arrangements for MKC and NBC partnership working Inability to meet partner savings targets 	<ul style="list-style-type: none"> Cashflow issues Unable to meet precept payments Additional borrowing/demand on reserves Reputational damage Pressure to fund own services Additional financial pressures for other preceptors/parishes Passing on deficits to the new unitary Reduction in value of tax base for 21/22 Increased scrutiny from stakeholders Overspend in this area Provision due to limited "pot", funded solely by NBC Reduced income to budgets, this is offset against employee costs in R&B Risk to existing budgeted savings Risk to ability to grow as a shared service Increased LA error Reduced collection rates Loss of DWP incentive 	E4	<ul style="list-style-type: none"> Increased and outcome targeted monthly monitoring Mitigate uncertainty by regular monitoring and review as part of the budget process Liaison with PSH & NPH Monitoring of PIs agreed as part any revised DHP administration process Potential to lobby government Employees can be re-allocated to different workstreams in the service Communication with auditors, partners and stakeholders Monitoring reports of subsidy loss 10-year corrections of incorrect cases Quality assurance of day to day workload Performance monitoring with individuals and teams 	E3	<ul style="list-style-type: none"> Monthly performance monitoring, monthly budget monitoring, regular meetings and communications Need to review arrangements as circumstances change, based on latest intelligence, horizon scanning and evidence gathering (peer group, legislation, government direction) Options report submitted to NBC setting out the proposals for the re-commencement of recovery work Awaiting direction for the R&B service and conducting 'review of what is already in place' with NBC / options for all from 2020 whilst planning to deliver BAU. Understanding scope and any funding implications for unitary work. 	E3	Stuart McGregor / Robin Bates / Ian Tyrer / Matt Steele / Debbie Collins	04/06/20
Y	SCG6	TCG66	Failure to deliver our HR related unitary commitments	<ul style="list-style-type: none"> Limited resource Conflicting priorities (day job/covid-19 specific work/unitary work) Lack of qualified and experienced deputy Excessive pressure placed on the postholders of key roles 	<ul style="list-style-type: none"> Project delays Error/omission Staff stress/burnout Reputational damage 	C3	<ul style="list-style-type: none"> Future Northants team will be responsible for more of the work that originally expected Tasks allocated where appropriate Reprioritising of task/activities to meet demand 	C3		C2	Karen Marriott	02/06/20
Y	SCG7	TCG71	Economic recession	Impact of Covid-19 restrictions	<ul style="list-style-type: none"> Large increase in unemployment Emergence of a higher expectation of ongoing support Business closures Financial impact on the council as a commercial landlord Impact on council services ranging from increased benefit claimants to housing need and staff resources to assist and at the same time reduced income. 	E4	<ul style="list-style-type: none"> Financial Assistance from Central Government to businesses and the public Lobby central government for more funding Monitoring by the Economic Growth team Working with key town centre partners Support to commercial tenants aimed at keeping businesses afloat 	E3	<ul style="list-style-type: none"> Look for alternative sources of funding Implement commercial tenant rent support and weekly arrears monitoring Work with the Jobscentre Plus to support people when being made redundant. The national situation is being monitored. Youth unemployment is being looked at as part of LA Gold's Recovery work 	E3	Kevin Langley	14/07/20
Y	SCG8	TCG69	Second covid-19 wave (national)	<ul style="list-style-type: none"> Non-compliance with govt. guidance Lockdown restrictions lifted too early Limited stock/availability of PPE People now able to socialise more widely Re-opening of the hospitality industry Employees returning to office based working Increased use of public transport Cluster outbreaks Increased testing = potential increase in positive results 	<ul style="list-style-type: none"> National/local lockdown implemented Increase in staff infection Increase in staff absence Staff having to decant from the Guildhall and other council premises Unable to deliver statutory/critical services Increased demand for council services Staff redeployment to partner agencies Adverse financial impact on the council Adverse financial impact on residents/businesses Adverse financial impact on partners/contractors/suppliers 	D3	<ul style="list-style-type: none"> Regular internal and external comms regarding prevention e.g. social distancing, face covering to be used on public transport Process for informing HR of any staff who may have symptoms/been in contact with someone with symptoms Process for referring staff for testing Management process for sending staff home to self-isolate whilst awaiting test results of a potentially infected employee Testing criteria established and complied with Countywide lockdown plans approved Terms of reference drafted for the countywide boards that have been established NBC specific plan being drafted to manage local lockdown 	D2		D2	Marion Goodman / Peter Baguley	23/07/20
N	SCG9		Local covid-19 outbreak	<ul style="list-style-type: none"> Non-compliance with govt. guidance Lockdown restrictions lifted too early Limited stock/availability of PPE People now able to socialise more widely Re-opening of the hospitality industry Employees returning to office based working Increased use of public transport Cluster outbreaks Increased testing = potential increase in positive results 	<ul style="list-style-type: none"> National/local lockdown implemented Increase in staff infection Increase in staff absence Staff having to decant from the Guildhall and other council premises Unable to deliver statutory/critical services Increased demand for council services Staff redeployment to partner agencies Adverse financial impact on the council Adverse financial impact on residents/businesses Adverse financial impact on partners/contractors/suppliers 	D3	<ul style="list-style-type: none"> Re-iteration and education through communication direct with the public/businesses and through social media regarding prevention e.g. social distancing; mobile testing stations; face coverings in shops/takeaways Outbreak SCG and TCG formed Outbreak SCG Terms of Reference approved 28/7/2020 Weekend plan developed in relation to education, information and community engagement Leaflets produced in multiple languages and distributed in targeted areas. 	D3	<ul style="list-style-type: none"> NBC specific plan being drafted to manage imminent local lockdown 	C2	Marion Goodman / Peter Baguley	29/07/20

Risk Likelihood					
E. Almost Certain (90%+)					
D. Likely (56% to 90%)					
C. Possible (16% to 55%)					
B. Unlikely (6% to 15%)					
A. Rare (0%-5%)					
Risk Impact	1. Insignificant Impact or Insignificant Benefit	2. Minor Impact or Minor Benefit	3. Moderate Impact or Moderate Benefit	4. Major Impact or Major Benefit	5. Catastrophic Impact or Exceptional Benefit

Brexit Risk Register August 2020

- A NBC direct
- B Partners - NLT/NPH/LGSS/Veolia
- C Borough economy - Businesses/Individuals

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No	Area	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Updated
1	A	Workforce i) Loss of workforce ii) Inability to recruit to hard to fill positions as they become vacant iii) Skills shortage iv) Wage increase	EU nationals return to Europe Lack of skilled labour in the region or within commuting distance Lack of ability to recruit permanent staff will increase market rates. Day rates for interim staff will rise.	Reduction in quality of core services provided to residents of Northampton	25	Promote the EU settlement scheme to all staff and public. Advise on how to apply.	4	Develop a profile of the EU nationals employed by NBC Extend the range of apprenticeships in areas of known recruitment and retention difficulties Liaise with local businesses to identify skills shortages and apprenticeship opportunities Develop an employment strategy for jobs at risk of not being filled when employees move on No specific service areas reporting risks	4	Heads of Service HR	Reviewed July 2020
2	ABC	Regulatory Services i) Implementing and understanding changes in legislation ii) Lack of clarity for changes to the current reciprocal arrangements with the EU iii) Cost pressures due to increase in demand from businesses iv) Cost pressures due to re-training requirements	Import/Export - untraceable flow of goods. Increase in local companies able to export requiring certificates. Currently under EU legislation	Potential increase in investigations for new export suppliers through FSA. Additional resource may be required to cover extra workload.	25	Work closely with other local authorities in Northamptonshire. Intel received from agencies by working together. Website signposting gov.uk website for information and guidance.	4	Environmental Health & Licensing to monitor the increase in workload. Engage additional resource through agencies on a temporary basis if required. Raise awareness and understanding of new legislation with businesses once decisions have been made centrally. Government announcements on any risk or changes being monitored.	4	Head of Service - Planning and Customers & Communities	Reviewed July 2020

No	Area	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Updated
3	A	Supply Chain i) Impact of cost pressures on suppliers or partners ii) Delays in delivery of goods/services iii) Reduced workforce impact on suppliers	Increase in supply costs for raw materials in demand Hold up in imported goods at ports Difficulty in recruiting to vacant posts left by EU nationals returning home	Projects are delayed Goods and services are impacted that may affect the service provided to the public	25	Website signposting gov.uk website for information and guidance. Regular contact with partner agencies and third party suppliers	4	Identify EU suppliers in the supply chain Work with third party suppliers to establish their risks/issues and identify where potential delays are likely Identify non-EU and local suppliers Communicate with central government to keep up to date with emerging issues and potential risks Key partners communicated with maintaining own risk registers. No material risks reported	4	CMB	Reviewed July 2020
4	B	Local Partnership working i) Local business failure ii) Decline in voluntary sector iii) Fall in business rates income iv) EU funding no longer available.	Value of the pound decreases affecting imports Reduction in customers due to supply issues	EU funded projects cease	25	Website signposting gov.uk website for information and guidance. 'Get Ready for Brexit' business readiness events communicated to local businesses	4	Raise the awareness of the EU settlement scheme with local businesses Identify local business concerns Identify other funding sources for previously EU funded projects Council sharing all information available online. No risks reported by partners	4	CMB	Reviewed July 2020
5	A	Data Handling i) Access to data stored or processed in the EU restricted	Lack of communication with providers to ascertain what the consequences will be for data storage and what the agreement between the EU and UK is No foresight in switching providers pre Brexit	Data retrieval is blocked Unable to change providers	25	None	4	Identify which systems use EU storage Contact providers to make necessary arrangements to ensure data can still be accessed Source new UK providers Checks continue, no specific risks identified	4	Head of Service - CFO Governance & Risk Manager	Reviewed July 2020

No	Area	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Updated
6	ABC	<p>Communications</p> <p>i) Timely information and updates are not communicated in relation to the EU Settlement Scheme to businesses, employees and residents of Northampton.</p> <p>ii) Lack of information to respond to any risks of potential heightened community tensions</p> <p>iii) Lack of community assurance in NBC as trusted leaders and sources of information and advice</p> <p>iv) Frontline services are not adequately trained to handle enquiries from the public.</p>	Delay in receiving information from central government and the local communities	Residents are not kept up to date which may lead to civil unrest	25	<p>Website signposting gov.uk website for information and guidance.</p> <p>Topic added to Northamptonshire CEO meetings</p>	4	<p>Regular up to date social media messages</p> <p>Community engagement</p> <p>Keep up to date with emerging issues through internet and social media sites</p> <p>Encourage communication from residents of Northampton</p>	4	CEO	Reviewed July 2020
7	C	<p>Regional and local growth</p> <p>i) House prices decrease rendering regeneration projects unviable</p> <p>ii) Construction supplies increase in price due to EU imports</p> <p>iii) Skills shortage</p> <p>iv) Major employers relocate</p>	<p>Fall in house prices due to reduced demand for housing</p> <p>Supplies are delayed coming into the UK</p> <p>EU nationals living in the UK return home</p> <p>Cheaper to relocate than remain in UK without EU trade agreements</p>	<p>No regeneration of Northampton and surrounding areas</p> <p>Increase to costs of existing construction projects</p>	25	Brexit clauses included within current major construction contracts in order to limit NBC's exposure to inflationary pressures around the supply of goods and labour for projects.	4	<p>Identify any capital projects whose viability relies on house prices</p> <p>Incorporate longer delivery times into project plans to account for delays in materials coming through the EU</p> <p>Liaise with NPH re developments and risks identified.</p> <p>Identify and raise awareness of available non-EU funding streams</p>	4	Head of Service - Economy, Assets & Culture	Reviewed July 2020
	C	<p>Economic Downturn</p> <p>i) Impact on individuals ability to pay rent/mortgages</p>	Increase in general expenses and food due to shortage of supply	<p>Increase in evictions and prosecutions</p> <p>Increase in requests for temporary accommodation and homelessness applications</p>	25	None	4	<p>Work with local communities to keep aware of any potential issues</p> <p>Develop a strategy to be able to deal with an increase in requests and give advice to individuals</p>	4	Head of Service - Housing, Customers & Communities, CFO	Reviewed July 2020

No	Area	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Updated
8	A	Community engagement i) EU residents leave en masse ii) Civil unrest iii) EU residents do not know about the EU settlement programme iv) Increase demand on council services iv) Hate crime increases v) Food shortages	Uncertainty around settled status and the effects of the UK leaving the EU Food/medicine shortages Unlawful EU nationals are registered through the EU Settlement Scheme	Reduction in available workforce Services may be reduced Empty homes Increase in arrests/convictions	25	Website signposting gov.uk website for information and guidance. Working closely with the Police and monitor hate crime statistics on a regular basis, increases escalated to EMC regional Brexit group Promote Hate Crime Awareness Week 12th-19th October	4	Raise awareness of the EU settlement scheme targeting social media users Work with local communities to raise awareness of issues that may be caused by Brexit Have a zero tolerance approach to hate crime Work closely with the Police and monitor hate crime statistics Engage with the LRF and be involved in multi agency calls to keep up to date with emerging issues/risks	4	CEO	Reviewed July 2020

Appendices:

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NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Chief Finance Officer Report to the Audit Committee
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	24 August 2020
Policy Document:	No
Directorate:	Chief Finance Officer
Accountable Cabinet Member:	Cllr Brandon Eldred

1. Purpose

- 1.1 To inform the Audit Committee about the work undertaken by the Finance team, in conjunction with the external auditors EY in respect of 2018-19 and 2019-20 Statement of Accounts.
- 1.2 To provide an update on the revised Internal Audit Programme to be undertaken by BDO.
- 1.3 To inform the Committee of any changes to accounting policies and Treasury Management.

2. Recommendations

- 2.1 It is recommended that the Audit Committee note:
 - 2.1.1 The progress towards completing the Statement of Accounts for 2019-20.
 - 2.1.2 That there have been no changes to Accounting Policies.
 - 2.1.3 That there have been no reportable incidents in respect of Treasury Management, or requirements to change Treasury Management Policies.

2.1.4 That subject to Cabinet approval, a request will be made to Council in September 2020 to increase HRA borrowing and budget by £50M to enable the pursuit of further housing schemes.

2.1.5 The revised Internal Audit programme as per paragraph 3.5 and contained in the appendix to this report.

3. Issues and Choices

3.1 Report Background

3.1.1 This report provides an overview of the current position in respect of the Statements of Accounts due for Northampton Borough Council and other accounting or treasury policy items requiring reporting.

3.2 Accounting Policy Changes

3.2.1 There have been no Accounting Policy changes since the last Audit Committee, nor are there anticipated to be any during 2020/21.

3.3 Treasury Management

3.3.1 There have been no reportable incidents, the LGSS Treasury Management Team continue to work hard to maximise the interest earned through the investment vehicles available and reduce the interest paid on borrowing where possible.

3.3.2 A request was made to Cabinet 19 August 2020 to approve a request to be made to Council to increase the HRA borrowing and budget by a further £50M. This provides budget cover, but not scheme approval, all major schemes still require a full business case to be prepared and submitted to Cabinet for formal approval.

3.4 Completing 2019-20 Statement of Accounts

3.4.1 The draft Statement of Accounts will be provided prior to or at the meeting for noting and initial signing by the CFO and Chair. These will then be published as draft accounts for public scrutiny.

3.4.2 As there are likely to be further technical changes to the accounts a further draft set will be prepared prior to EY commencing their formal audit. Until the Accounts for 2018-19 are fully audited and signed off, the opening balances and related transactions can only be provisional at this time.

3.4.3 In respect of the proposed audit fee for 2018-19 Statement of Accounts, it has been agreed with the Auditor, EY, that as the increase is material, the Council will raise an issue with PSAA (the organisation that manages the external audit contracts) with a view to seeking arbitration.

3.5 Internal Audit Programme

- 3.5.1 As a result of resource constraints due to services delivering services and solutions to support the Council’s response to the Covid Pandemic, in conjunction with the use of BDO to provide assurance support to the processing of c£34M of BEIS Business Grants. The Internal Audit programme for 2020-21 has been revisited and revised to focus on key reviews that can be delivered within the remainder of this financial year.
- 3.5.2 The amended programme has been agreed and signed off by the Head of Internal Audit (BDO), the Chief Executive Officer (CEO) and the Corporate Management Board (CMB). The revised programme is attached as an appendix for the committee to note.

3.6 Budget Update 2020-21

- 3.6.1 The latest Budget Monitoring update has been provided to Cabinet on 19 August 2020. This identifies a forecast overspend of £1.434M.
- 3.6.2 The forecast assumes £0.954M will be provided by Government as grant for loss of income through fees and charges for the first quarter of 2020-21. The forecast may improve when more complete details of this grant scheme are received.
- 3.6.3 The Council has received a third tranche of non-ringfenced grant as reflected in the table below.

Tranche One:	£0.120M non ringfenced funding [From Govt. first £1.6Bn]
Tranche Two:	£2.239M non ringfenced funding [From Govt. second £1.6Bn]
Tranche Three:	<u>£0.437M</u> non ringfenced funding [From Govt. third distribution £0.5Bn]
TOTAL:	£2.797M

- 3.6.4 Additional specific grants are still being sought, if they materialise, this may also reduce the overspend projected.

3.7 LGSS Update

- 3.7.1 As previously reported, the owners of LGSS; Northamptonshire County Council (NCC), Cambridgeshire County Council (CCC) and Milton Keynes Council (MKC) are continuing to progress their plans to realign how LGSS operates and the services it provides to clients, such as Northampton Borough Council.
- 3.7.2 As a client the Council will continue to receive the services it currently purchases either through the proposed lead authority model, or directly from NCC as a legacy service. It is understood that LGSS/Owners are currently consulting with staff on the proposals, which includes repatriation of some staff and a redesign of how the Lead Authority Model will operate going forward. As a client, Northampton Borough Council are not privy to the full details, but are provided

with assurances that all services purchased will continue to be delivered until vesting day (1 April 2021) when the new West Northants Council forms.

3.8 Transition to Unitary

- 3.8.1 The Programme has a workstream dedicated to ensuring good governance arrangements exist to enable migration from the constituent councils to the new Unitary Council.
- 3.8.2 This includes a Shadow Administration (Council, Cabinet, Audit Committee, Overview and Scrutiny Committee) which has representation from Northampton Borough Council.
- 3.8.3 The Borough Council is currently undertaking an internal 'housekeeping' programme to ensure that electronic and paper records are cleansed, ensuring only one version is retained for archiving.
- 3.8.4 Council Officers are working with Programme / Projects in respect of all services and how they will transition in an orderly and appropriate manner. The collective Leaders and Chief Executive Groups receive regular updates on progress in addition to the published public Future Northants reports.

3.9 Choices (Options)

- 3.9.1 Although this report is just for noting, Audit Committee have the opportunity to ask questions directly to Officers on issues associated with the completion of the statutory accounts for 2018-19 and 2019-20, in addition to any other items included.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 None to report.

4.2 Resources and Risk

- 4.2.1 The Council diverted significant staff resources in order to ensure that EY were provided with the required to enable them to give their opinion on the 2018-1918 statement of accounts as soon as was practicable. This has had a knock-on impact on the ability to progress the closure of the 2019-20 accounts.
- 4.2.2 There is a risk that improvements could not be made within the financial year 2019-20, if any arise from the audit of 2018-19 due to the timing of the audit itself. These will be actioned for 2020-21.

4.2.3 The Council has mitigated the risk of failing to deliver Housing Benefit Subsidy Claims on time, through continuing to use an alternative audit provider, KPMG.

4.3 Legal

4.3.1 The actions proposed in this report will enable the Council to meet its statutory requirements of finalising its draft 2019-20 Statement of Accounts and publishing for public scrutiny.

4.3.2 There remains an outstanding audit objection to the 2015-16 accounts which is being progressed by KPMG. Which is likely to conclude with a form of public report which will be brought to the Audit Committee.

4.4 Equality

4.4.1 Not applicable.

4.5 Consultees (Internal and External)

4.5.1 External Auditors, BDO

4.5.2 External Auditors, EY

4.5.3 Corporate Management Board

4.6 Other Implications

4.6.1 None.

5. Background Papers

5.1 None

Stuart McGregor
Chief Finance Officer

REVISED INTERNAL AUDIT PROGRAMME 2020-21

The following represents the revised Internal Audit plan to be delivered by BDO during 2020-21, this revision has been driven by the reduction in capacity within services, as a result of Covid19. In addition to the use of BDO to support the payment of BEIS Business Grants, impacting on the time remaining to deliver the programme.

Area	Days	Timing	Risk Register Reference and colour coded per your register	Description of the Review	Reason for Inclusion
2020/21					
HMO Licensing & Enforcement	20	Q2	14	<ul style="list-style-type: none"> Assess how the Council are managing and promoting licensing for HMOs and how licenses are allocated to private rented housing landlords Review how the HMO enforcement department enforce local standards and manage cases of non-compliance Review the collection of civil penalties and assess whether the Council are undertaking appropriate measures to collect income 	<ul style="list-style-type: none"> Discussions with senior management raised this area that should be addressed as part of the internal audit plan The Council have a statutory duty to ensure HMO's are licensed and penalties are enforced to uphold legislative responsibilities
Licensing	10	Q2	14	<ul style="list-style-type: none"> This is linked but separate to the review above Review procedures for issuing licenses and assess whether they are compliant with regulatory requirements Sample test licenses issued with an emphasis on taxi licenses 	<ul style="list-style-type: none"> Discussions with senior management raised this as an area of risk Corporate risk register identifies licencing as part of the safeguarding risk regarding the Council's duty owed to vulnerable adults and children
Climate Emergency (Environment)	12	Q3	18	<ul style="list-style-type: none"> Assess the Council's arrangements for managing climate change/reducing emissions in the Borough from a corporate level (high level) Compare Council's arrangements to other authorities 	<ul style="list-style-type: none"> The Council have recently declared a climate emergency This is a high risk across local authorities based on current public views and the growth of groups such

				that have declared a climate emergency	as Extinction Rebellion	
Northampton Partnership Homes (NPH) Service Level Agreement	20	Q1	8	<ul style="list-style-type: none"> We will review the Council's communication and interaction with NPH as well as the effectiveness of the monitoring of the SLA We will review the information that the Council receive from NPH and assess whether it is adequate We will review the SLA to the Articles of Association 	<ul style="list-style-type: none"> NPH provide a number of the Council's key services including building homes and managing the HRA account Discussions with senior management raised this area that should be addressed as part of the internal audit plan Management of contractual partnerships with NPH and other partners are a moderate risk on the risk register 	
Capital Projects	15	Q3	1, 5	2	<ul style="list-style-type: none"> We will take a deep dive into the Delapré Abbey and Museums projects to assess whether they were managed adequately We will deploy a project management specialist to assess whether the projects as a whole were managed effectively 	<ul style="list-style-type: none"> Discussions with senior management raised this area that should be addressed as part of the internal audit plan These have been major capital projects for the Council which have suffered either budget or time overruns
Social Lettings Agency	15	Q2			<ul style="list-style-type: none"> Review how the Council identifies empty properties Assess the up-take of the Deposit Bond Scheme and whether the Council are effectively utilizing this to reduce the number of empty properties 	<ul style="list-style-type: none"> Discussions with senior management raised this area that should be addressed as part of the internal audit plan
Unitary	22	All	11		<ul style="list-style-type: none"> We will support the Council on Unitary plans and advisory work requested from the Council are vesting day approaches 	<ul style="list-style-type: none"> This is the largest change facing the Council and will have a significant impact on its delivery of services The Council have requested that we save days in the audit plan for Unitary work
Management Time	20	All	All		This includes all planning, liaison and management of the Internal Audit contract including preparation of internal audit opinion and attendance at all Audit Committees	
Scoping & Follow Up	13	All	All		BDO had scoped some Internal Audits, that will not now be conducted. (5 Days) BDO will follow up on all Medium and High recommendations made and report these to the Audit Committee. This will be completed prior to each Audit Committee (7 Days)	
Total	146					

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