



Audit and Standards Committee Agenda

Wyre Borough Council
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**Audit and Standards Committee meeting on Tuesday, 27 February 2024
at 6.00 pm in the Council Chamber - Civic Centre, Poulton-le-Fylde**

1. Apologies for absence

2. Declarations of interest

To receive any declarations of interest from any members of the Committee on any item on this agenda.

3. Confirmation of minutes

(Pages 3 - 10)

To confirm as a correct record the minutes of the last meeting of the Audit and Standards Committee held on 14 November 2023.

4. Review of Audit Committee Effectiveness

Verbal update from the Audit and Risk Manager, Karen McLellan.

5. Annual Review of Audit and Standards Committee's Terms of Reference

(Pages 11 - 18)

Report of the Audit and Risk Manager, Karen McLellan.

Presented by the Audit and Risk Manager, Karen McLellan.

6. Internal Audit Strategy and Audit Plan Priorities 2024/25

(Pages 19 - 30)

Report of the Audit and Risk Manager, Karen McLellan.

Presented by the Audit and Risk Manager, Karen McLellan.

7. Annual Review of the Internal Audit Charter

(Pages 31 - 48)

Report of the Audit and Risk Manager, Karen McLellan.

Presented by the Audit, Risk and Performance Lead, Dawn Allen.

- 8. Unaudited Local Authority Accounts - letter from the Minister for Local Government to the Chair of the Levelling Up, Housing and Communities** (Pages 49 - 50)

Letter to be noted by members of the Audit and Standards Committee.

- 9. Statement of Accounts update** (Pages 51 - 52)

Verbal update from Deloitte.

- 10. Periodic Private Discussion with Chief Internal Auditor**

Following the conclusion of the formal meeting, Members of the Committee will be given the opportunity to have their private periodic discussion with the Chief Internal Officer, as provided for in the Committee's work programme.

- 11. Time and Date of next meeting**

The next scheduled meeting of the Audit and Standards Committee is Tuesday 18 June 2024 at 6pm in the Council Chamber.



Audit and Standards Committee Minutes

The minutes of the Audit and Standards Committee meeting of Wyre Borough Council held on Tuesday, 14 November 2023 at the Council Chamber - Civic Centre, Poulton-le-Fylde.

Audit and Standards Committee members present:

Councillors Ibison, Higgs, Jackson, Rendell, A Walker and Wells

Absent- apologies received:

Councillors Minto, Bolton, Duffy, Leigh, Sorensen and Belshaw

Absent- apologies not received

None.

Other councillors present:

None.

Officers present:

Clare James, Corporate Director Resources and Section 151 Officer
Joanne Billington, Head of Governance and Business Support
Karen McLellan, Audit and Risk Manager (and Chief Internal Auditor)
Dawn Allen, Audit, Risk and Performance Lead
Mary Grimshaw, Legal Services Manager and Monitoring Officer
Jane Collier, Human Resources Manager and Deputy Monitoring Officer
Daphne Courtenage, Democratic Services Officer
Stuart Kenny, External Auditor
Andrew Robinson, Revenues Manager

Officers absent- apologies received:

None.

No members of the public or press attended the meeting.

26 Declarations of interest

None.

27 Confirmation of minutes

The minutes of the meeting of the Audit and Standards Committee, held on

the 26 September 2023, were approved as a correct record by those in attendance.

The Chair brought it to the attention of members that prior to the meeting, the Independent Co-Opted Member, Paul Taylor, had submitted some questions on the agenda for this meeting to officers. Those questions and responses from officers would be circulated via email and attached to the minutes for other members to consider.

28 National Fraud Initiative - Data Matching Exercise Year 2022/23

The Corporate Director Resources (S151 Officer) submitted a report to the Audit and Standards Committee with the results of the 2022/23 National Fraud Initiative (NFI) data matching exercise.

The Audit, Risk and Performance Lead introduced the item.

She explained to members that the report before them summarised the results of the 2022/23 National Fraud Initiative (NFI) exercise. The council participated in a full data matching exercise every two years, which matched data between authorities and other audited bodies to prevent and detect fraud. In this instance, 541 matches had been returned with 533 having been fully investigated. Eight matches were still to be fully concluded. However four errors had been identified totalling £3,670.96 to be recovered by the council.

Additionally, the council participated in an annual council tax single person discount (SPD) matching exercise, this exercise returned matches where there was a discrepancy in the recorded household occupancy between the electoral register and the Council Tax system. In this exercise, 4,321 matches had been returned. The council's Revenues and Benefits team usually investigate all these matches. However this year the team were conducting a full review of all SPD claimants and the results of this exercise would be used to update the NFI portal.

At the time of writing the report, 108 matches had been investigated with five errors totalling £2,751.56 identified to be recovered. She explained to members that the financial return for the council was minimal, retaining approximately 11%, with the rest going to other preceptors.

Councillor A Walker queried whether there was a pattern for those matches returned for the SPD exercise.

The Audit, Risk and Performance Lead explained that errors could be caused by the timing of the data matching reports versus the annual update of the electoral register.

Andrew Robinson, Revenues Manager, was invited to the meeting to address any comments or concerns over council tax single person discounts (SPDs). In response to Councillor Walker's question, he told members that issues relating to the electoral roll were often owing to students who remained on the roll at their home address during term time, and whose parents claimed the SPD.

He explained to members that the Revenues and Benefits team were undertaking a review of all SPD's on the council's database. In total, around 20,000 registered dwellings in the borough received a discount, which amounted to 37%.

Using a new revenue system to analyse the data, they had started with the highest council bands and were in progress with bands D and C. He also explained the process for residents to confirm their discount claim. They intended to make this a rolling review.

Members raised the following questions:

- Whether there was a potential to get an increased contribution from council tax partners for the work done by officers
- A date for the potential completion of the review
- Whether officers completed random checks of claimants
- Whether claims were matched against the electoral roll and whether follow up questions were asked to claimants

The Revenues Manager and Audit, Risk and Performance Lead responded to questions raised by members. They explained that discussions had been held with other beneficiaries (e.g. LCC) but this hadn't yielded an agreement. They would usually aim to complete the exercise by end of the year, and start again with fresh data in January 2024. In response to the question on random checks, officers would do follow-ups with residents who had their discounts cancelled due to discrepancies and then re-submitted a claim. The NFI results would also highlight whether a match had been returned in previous data matching exercises.

The Chair thanked the Revenues Manager for his attendance at the meeting.

The report and results of the two data matching exercises were noted by the committee.

29 Members' Code of Conduct Complaints - Summary

The Legal Services Manager and Monitoring Officer (MO), submitted a report to the Audit and Standards Committee summarising the number and status of complaints received since the last meeting of the Standards Committee. This committee had last met on the 16 March 2023, and was decommissioned by Full Council on the 18 May 2023 and merged with the Audit Committee.

The Legal Services Manager and MO introduced the item. She explained to members that the summary advised members of the number and status of complaints since it was last brought before members. In total, the MO had received nine complaints, with three not progressed due to insufficient information or the complainant not wishing to progress it. Four had been determined to not be a breach of the code and had been concluded, and two complaints were ongoing.

Councillors raised questions around the process by which officers determined whether a complaint was valid or a breach of the code, and at what point a

complaint would be brought before the committee.

The MO explained the process for investigating complaints against a councillor. She said that the council had two Independent Persons (IP) who officers worked with in this process.. She agreed that there could be grey areas, for example whether a member was acting in their capacity as a councillor and confirmed that relevant case law could assist in making this assessment. She advised that officers in liaison with the IP would review all the information provided to them and could ask for more information from the parties involved if any clarification was required before a determination was made.

In terms of when a matter would come before the committee, this would only be if a determined breach of the code of conduct could not be resolved informally, either through an informal apology, training or advice given to members on good conduct or an informal resolution was not considered appropriate due to the nature of the breach.

Members noted the report and summary of complaints.

30 Compliance with the Regulation of Investigatory Powers Act 2000 (RIPA)

The Legal Services Manager, submitted a report recommending the committee review the authority's use of the Regulation of Investigatory Powers Act (RIPA) since it was last considered in September 2022, and to approve the policy (attached at appendix 1 of item 6 of the agenda pack).

The Legal Services Manager introduced the report. She told members that this had last been considered by the committee in September 2022; updates to the policy had been brought to that meeting following an inspection review in January 2022.

No further changes were proposed to this policy since it had last been reviewed, as the policy was considered to be compliant. She also informed members that no authorisations had been granted under RIPA since 2012.

Members reviewed the use of RIPA and **approved** the current policy.

Members asked that consistent use of pronouns be used throughout the policy.

31 Internal Audit and Risk Management - Progress Report

The Audit and Risk Manager, submitted a report recommending that the committee review the progress in relation to the 2023/24 audit plan and risk management, and for the committee to consider the progress against the action plan resulting from the 2022/23 Annual Governance Statement (AGS).

The Audit and Risk Manager introduced the item. She told members that this was her six-monthly update from April – November 2023 on the Internal Audit plan. All audit work was now being completed, partly by the in-house team

and also by the Lancashire County Council internal audit team.

She directed members to pages 63-73 of the agenda pack. This showed the audit work completed to date, as well as work still to be completed. All completed audit reports, when finalised, were and would be circulated to members.

She also directed members to other work being undertaken by internal audit. This included the NFI, addressed at agenda item one, and the peer review of the internal audit team. The independent peer review of the internal audit service had been completed in July 2023 and full compliance with the Public Sector Internal Audit Standards (PSIAS) was achieved. A report had been issued on this, together with an action plan detailing minor actions; members could review this on the Councillor Portal.

The Head of Governance and Business Support (and Data Protection Officer) addressed members on work undertaken in regards to Information Governance. She told members that this was a six-monthly update to members on the council's compliance with the Data Protection Act 2018 and UK GDPR. Most of the GDPR work was done in-house by the Information Governance Team, which had limited capacity. A limited assurance opinion had been given previously by the Internal Audit team following a recent audit review; this was mainly owing to the refresh of the Information Asset registers, of which work was still outstanding due to the limited resources needed to complete this. She hoped that this would be completed within the next 12 months but noted this might be an optimistic timescale.

Members raised questions over the council's capacity to answer Freedom of Information Requests (FOIs) and a new ICT system.

The Head of Governance and Business Support responded that the nature of FOIs meant that capacity was an issue. However they were hoping for additional resources to address this. They also needed to review the process to include the provision of datasets to lessen administrative work when answering repetitive or similar requests.

In terms of the new ICT system, the council's disaster recovery solution system, it was noted that the procurement of this system was part of the council strengthening its cyber resilience framework and provided the council with 24/7 live monitoring off all the councils data traffic. The Audit and Risk Manager drew members' attention to pages 75-77 of the agenda pack. There had been no reports of suspected money laundering during 2023/24, three registrations of gifts or hospitality by officers and two whistleblowing investigations. Further updates detailing the outcome of these investigations would come before members once finalised. She also reminded members that copies of the council's risk registers were available on the Councillor Portal.

In terms of the Annual Governance Statement (AGS) action plan, this had been published late and paper copies had been distributed at the meeting.

The Head of Governance and Business Support explained to members that the AGS had been presented to them in June 2023; there had been a number of issues reported, and the original action plan would later be published on the Councillor Portal for members to review. Typically, updates to this action plan would come before committee in November, and in future would push for officers to complete the action plan more quickly.

Members noted the internal audit progress reports.

32 Annual Review of the Financial Regulations and Financial Procedure Rules

The Corporate Director Resources (S151 Officer), submitted a report for the committee to review the Financial Regulations and Financial Procedure Rules.

The Head of Governance and Business Support, introduced the item. She reminded members that the Financial Regulations and Procedure Rules sat as part of the Constitution. Documents included as part of the supplementary agenda pack included track changes to show the amendments. Paragraph 5.1 of the covering report highlighted the main amendments. Consideration was also needed for the introduction of the new Procurement Act, expected to come into force in October 2024. Officers were informed that there would be more administrative processes introduced and there was a potential that members would be asked to review the rules and procedures again before the next expected date of November 2024.

Members asked the following questions:

- Would members receive update reports of procurement contracts going through the new rules and procedures?
- What was the process if an officer attempted to truncate contracts?

Officers explained that there are a number of controls in place to monitor spend, for example, the Contracts Register, the monthly 'over £500 report' and monthly spend reports all of which are reviewed by the Corporate Director Resources (S151 Officer) and the Procurement Officer on a regular basis.

In response to the second question, officers explained that they were very alert to this tactic, which was why the Corporate Director reviewed spend reports monthly. Tactics such as truncating contracts could be identified relatively easily owing to the size of the council and its typical spend.

Following discussions, the committee **agreed** to the proposed changes to the Financial Regulations and Financial Procedures Rules.

33 Annual Review of the Council's Counter Fraud Policies

The Corporate Director Resources (S151 Officer), submitted a report for the committee to approve revised policies for the council's Counter Fraud Policies, namely: Anti-Fraud, Corruption and Bribery; Anti-Money Laundering;

Gifts and Hospitality and Registering Interests; and Whistleblowing.

The Head of Governance and Business Support introduced the item. She told members that this was an annual review of the main corporate counter fraud policies of the council, and was a part of the committee's responsibilities. The anti-Fraud, Corruption and Bribery Policy and the Anti-Money Laundering policies had only received minimal changes which had been tracked through both documents. The Gifts and Hospitality and Registering Interests Policy had been amended to strengthen the controls around the reporting and making it clear that officers should always decline any offer of a gift or hospitality if they thought it would cause bias or a conflict of interest. The Whistleblowing Policy had received a number of changes following the Corporate Director Resources (S151 Officer) completing on-line CIPFA training. The changes made were to reflect the current reality of the procedures in place. All amendments were highlighted at paragraph 5 of the covering report.

They expected to bring the up to date gifts and hospitality register to members in February 2024.

In response to a question over checking goods received, officers explained the CIVICA purchasing system to members and the checks done by authorised members of staff on receipt of goods.

Following discussion, members **approved** the revised policy documents in relation to the council's Counter Fraud Policies.

34 Annual Review of the Council's Information Governance Policies and Procedures

The Corporate Director Resources (S151 Officer), submitted a report to the committee recommending the approval of the council's revised information governance policies and procedures, namely: Data Protection Policy and Procedure; Records Management Policy; and Subject Access Request Procedure.

The Head of Governance and Business Support introduced the item. This was an annual review of the main, overarching information governance policies.

She noted that there were no proposed changes to the subject access request procedure, which was set by the Information Commissioner's Office (ICO). Changes proposed to the Data Protection Policy and Procedure and the Records Management Policy mainly centred on the use of alternative systems to process data – which included WhatsApp. A review was being proposed to give assurances that officers weren't continuing to use alternative systems to process data following the pandemic or if they were that this was appropriate and documented.. Other changes included new controls on ICT equipment and the removal of the requirement for both herself and the Legal Services Manager to sign off information sharing protocols/agreements.

Members raised questions over the monitoring of social media and safeguarding agreements in relation to children.

The Head of Governance and Business Support explained that the council's Communications Team monitored their social media channels, particularly comments towards the council. Difficulties would arise in relation to private social media accounts/groups.

In terms of safeguarding, the council was very careful with how they shared information externally. Whilst limited children's data was processed, it was understood that there was an information sharing platform in which to share data safely and securely.

Following discussion, the committee **approved** the revised policies and procedures.

35 Date of next meeting

The next scheduled meeting of the Audit and Standards Committee was Tuesday 27 February 2024 at 6pm in the Council Chamber.

The meeting started at 6.02 pm and finished at 7.16 pm.

Date of Publication: XXX



Report of:	Meeting	Date
Audit and Risk Manager (Chief Internal Auditor)	Audit and Standards Committee	27 February 2024

ANNUAL REVIEW OF AUDIT AND STANDARDS COMMITTEE'S TERMS OF REFERENCE
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1. Purpose of report

1.1 The periodic consideration of the terms of reference of the Audit and Standards Committee in accordance with best practice guidance.

2. Council priorities

2.1 The annual review of the Audit and Standards Committee terms of reference.

3. Recommendation/s

3.1 That the Audit and Standards Committee considers the previously agreed terms of reference attached at Appendix 1 and agree that the core functions documented at 7.03 accurately reflect the role of the committee.

3.2 That the terms of reference be recommended to Full Council for approval.

4. Background

4.1 Audit and Standards Committees are a key component of corporate governance. They provide an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the committee is to provide those charged with governance, independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of the authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

4.2 The committee is also responsible for upholding and encouraging the highest moral standards of Elected Members. The committee ensures that

an effective process is in place to handle a variety of issues, including those involving Councillors' conduct.

4.3 In October 2022, the Chartered Institute of Public Finance and Accountancy (CIPFA) refreshed their guidance for Audit Committees (Audit Committees Practical Guidance for Local Authorities and Police – The Audit Committee Member in a Local Authority). In addition, a further supplement (Guiding the Audit Committee) was also published to support officers with responsibility for guiding the Audit Committee.

4.4 In accordance with the guidance an annual review of the committee's terms of reference should be completed and furthermore the guidance provides local authorities with a suggested terms of reference setting out the purpose and the core functions required.

5. Key issues and proposals

5.1 Since its last review by the committee in March 2023 the terms of reference at Appendix 1 has been amended to reflect the amalgamation of the Audit and Standards Committees. This was agreed by Full Council on 18 May 2023.

5.2 The amended terms of reference are included for consideration at Appendix 1. Only one minor change has been made to this document since its last review, which has been tracked changed for easy reference.

6. Alternative options considered and rejected

6.1 Not applicable to this report.

Financial, Legal and Climate Change implications	
Finance	None arising directly from the report.
Legal	Any changes to the terms of reference would be subject to confirmation by Full Council.
Climate Change	None arising directly from the report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x

risks/implications	✓ / x
asset management	x

equality and diversity	x
health and safety	x

ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Karen McLellan	01253 887586	Karen.mclellan@wyre.gov.uk	2 January 2024

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Audit and Standards Committee Terms of Reference (extract from the Constitution; Article 7)

Audit and Standards Committee - Terms of Reference

7.03 Purpose

The Audit and Standards committee is a key component of Wyre Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the committee is to provide those charged with governance, independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of the authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The committee is also responsible for upholding and encouraging the highest moral standards of Elected Members. The committee ensures that an effective process is in place to handle a variety of issues, including those involving Councillors' conduct.

The Council will appoint an Audit and Standards Committee independent from both the Executive and the Overview and Scrutiny function and it will have the following core functions:

7.04 Core Functions Audit

a. Governance, Risk and Control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the Audit and Risk Manager's annual audit opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.
- To consider the reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- To consider the council's arrangements to secure value for money and review assurances and assessment on the effectiveness of these arrangements.

- To monitor the effective development and operation of risk management in the council and monitor progress in addressing risk-related issues reported to the committee.
- To monitor counter-fraud **strategy**, actions and resources and review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To review the effectiveness of the council's whistleblowing arrangements.
- To review the governance and assurance arrangements for significant partnerships or collaborations.

b. Internal Audit

- To approve the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the Audit and Risk Manager to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the Audit and Risk Manager arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- To consider reports from the Audit and Risk Manager on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - updates on the work of internal audit, including key findings, issues of concern and actions in hand as a result of internal audit;
 - regular reports on the results of the Quality Assurance Improvement Programme (QAIP), and;
 - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), concerning whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the Audit and Risk Manager's annual report, including:

- the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit), and;
 - the opinion of the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
 - To consider a report on the effectiveness of internal audit to support the Annual Governance Statement where required to do so by the Accounts and Audit Regulations.
 - To provide free and unfettered access to the Audit and Standards Committee Chair for the Audit and Risk Manager, including the opportunity for a private meeting with the committee.
 - To receive reports outlining the action taken where the Audit and Risk Manager has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
 - To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.

c. External Audit

- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To monitor the External Auditor's progress with the Annual Plan.
- To consider the External Auditors' annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the External Auditor.
- To advise and recommend on the effectiveness of relationships between internal and external audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the Audit and Standards Committee Chair for the External Auditors, including the opportunity for a private meeting with the committee.
- To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA.
- To consider additional commissions of work from external audit.

d. Financial Reporting

- To review the annual Statement of Accounts on behalf of Full Council in accordance with the Accounts and Audit Regulations 2015. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To monitor the arrangements and preparation for financial reporting to ensure that statutory requirements and professional standards can be met.
- To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To consider and endorse amendments to the Council's Financial Regulations and Contract Procedure Rules and, on behalf of Full Council, give any instructions to the Section 151 Officer as may be appropriate.

e. Accountability Arrangements

- To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- To report to Full Council on a regular basis on the committee's performance in relation to the terms of reference and effectiveness of the committee in meeting its purpose.
- To review any issue referred to it by the Chief Executive, Monitoring Officer or any Council body.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

f. Other core functions

- To undertake the annual review of the council's use of the Regulation of Investigatory Powers Act 2000 (RIPA), ensuring compliance with the Code of Practice.
- To receive updates and reports from the Head of Governance and Business Support (Data Protection Officer) and to approve policies in relation to Cyber Security and compliance with the Data Protection Act and Regulations made under the Act.

7.05 Core Functions Standards

- a) To promote and maintain high standards of conduct by Councillors and co-opted Members;
- b) To assist the Councillors and co-opted members to observe the Members' Code of Conduct;
- c) To advise the Council on the adoption or revision of the Members' Code of Conduct;
- d) To monitor the operation of the Members' Code of Conduct;
- e) To advise Councillors and co-opt Members on matters relating to the Member's Code of Conduct and to arrange training where necessary;
- f) To grant dispensations to Borough Councillors, Parish Councillors and co-opted Members from requirements relating to interests set out in the Members' Code of Conduct;
- g) To consider, determine and take decisions on allegations that individual councillors have breached the Councillors Code of Conduct, in accordance with the procedures agreed by the Council for dealing with such allegations;
- h) The exercise of (a) to (g) above in relation to the Parish and Town Councils wholly or mainly in the Borough of Wyre area and the Members of those Parish and Town Councils;
- i) To monitor and review any Codes or Protocols relating to Members included in Part 5 of the Council's Constitution;
- j) To investigate any allegations of breaches of Member Protocols and, where appropriate, considering the withdrawal of any privileges or facilities provided under that protocol from the Member(s) who has breached it to ensure the "proper administration of the Council";
- k) To appoint Independent Persons to liaise with the Council's Monitoring Officer and the Standards Committee on ethical standards issues, as required by the Localism Act 2011.



Report of:	Meeting	Date
Audit and Risk Manager (Chief Internal Auditor)	Audit and Standards Committee	27 February 2024

INTERNAL AUDIT STRATEGY AND AUDIT PLAN PRIORITIES 2024/25
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1. Purpose of report

1.1 To review the Internal Audit Strategy and Audit Plan Priorities for the 2024/25 financial year.

2. Council priorities

2.1 An approved Internal Audit Strategy that sets out how the Internal Audit Team will implement the Audit Plan Priorities which is designed to take account of the characteristics and relative risks of the council's activities.

2.2 To be able to provide an overall annual opinion that can be relied upon, on the council's internal control environment, risk management and governance arrangements that will be a key source of assurance in the Annual Governance Statement for 2024/25.

3. Recommendation/s

3.1 Members are asked to approve the Internal Audit Strategy and Audit Priorities attached at Appendix 1 and 2.

4. Background

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

4.2 Professional standards for Internal Audit in local government specify that "The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals." The standards also specify that "The risk-based plan must take into account the requirement to produce an annual internal audit opinion and

the assurance framework. It must be incorporated or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.”

- 4.3** In accordance with the standards an Internal Audit Strategy has been developed and is refreshed and agreed annually by the Audit and Standards Committee and is incorporated into the risk-based 2024/25 Audit Plan Priorities. Both documents are attached at Appendix 1 and 2. Only minor amendments have been made to the strategy to reflect the new Assistant Director titles which will come into effect on the 1 April 2024.
- 4.4** To enable Internal Audit to be flexible and responsive to emerging risks across the organisation, quarterly audit planning will continue during 2024/25. The plan attached at Appendix 2 is split into three main sections, the first section details other work and responsibilities that lie with the Audit and Risk Management Team. The second section lists the audit work that will need to take priority in quarter one (April - June 2024). The third section documents potential forthcoming priorities for quarter's two to four (July 2024 – March 2025). The plan will be reviewed on a quarterly basis and audits will be added and removed according to risk. The Audit and Standards Committee will receive regular updates on how work is progressing and if any considerable changes need to be made to the original agreed plan.
- 4.5** To facilitate the flexible retirement of the Audit and Risk Manager, the 2024/25 audit plan will continue to be completed by the in-house team and Lancashire County Council's (LCC) Internal Audit Team. The ICT support framework managed by Lancashire County Council is also available should additional expertise be required in this specialised area. However, it should be noted that this arrangement is due to expire later this year. Alternative arrangements are currently being explored. The Audit and Standards Committee will be kept informed of any changes to the resources within the team.
- 4.6** The overall planning for 2024/25 is based on an estimated available resource of 390 days (1.5 FTE and 60 outsourced days). Assurances sought from the service assurance mapping statements and the strategic and operational risk registers will allow confidence to be obtained that audit coverage is still sufficient to be able to deliver an effective overall opinion at the end year end.

5. Key issues and proposals

- 5.1** The Internal Audit Strategy and Audit Plan Priorities for 2024/25 is attached at Appendix 1 and 2.

6. Alternative options considered and rejected

6.1 Not applicable to this report.

Financial, Legal and Climate Change implications	
Finance	The Audit Plan Priorities for 2024/25 are expected to be delivered within the timescales and previously agreed staffing budget. However, it should be noted that the fees for the 60 outsourced audit days delivered by LCC have increased from a set fee of £335 per day in 2023/24 to £380 per day for a Senior Auditor and £420 per day for the Audit Manager in 2024/25.
Legal	This will ensure good governance and probity.
Climate Change	None arising directly from this report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
health and safety	x

risks/implications	✓ / x
asset management	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a ‘privacy impact assessment (PIA)’ is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Karen McLellan	01253 887586	Karen.mclellan@wyre.gov.uk	14/02/2024

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 - Internal Audit Strategy

Appendix 2 - Audit Plan Priorities 2024/25

Internal Audit Strategy

1.0 Internal Audit Strategy

- 1.1. This strategy is the high-level statement of how the internal audit service will be developed and delivered in accordance with its approved terms of reference (the Audit Charter) and how it links to the council's organisational objectives and priorities.

2.0 Service Purpose

- 2.1 The key purposes of the internal audit service are to:

- provide the council with independent assurance regarding the effectiveness of its systems of risk, governance and internal control;
- support the council in delivering organisational change and its development programme; and
- help the council secure and demonstrate value for money throughout its activities.

3.0 Strategic Aims and Objectives

- 3.1 Internal audit's strategic aims and objectives are defined as:

- promoting and helping develop standards of risk management throughout the council's operations;
- contributing to improving standards of internal control and governance within the authority and its key partnerships;
- developing the corporate 'assurance framework' and coordinating the capture and reporting of sources of assurance;
- developing and supporting managers in the management of risk;
- working closely with the council's corporate compliance team to develop programmes of work to combat and reduce the risk of fraud;
- supporting the council in identifying efficiencies and achieving value for money in service delivery; and
- continuing to develop the scope, robustness and effectiveness of internal audit's assurance work.

4.0 Identifying and Accommodating Significant Local and National Issues and Risks

- 4.1 Emerging local and national issues that might warrant internal audit attention will primarily be identified through:

- contributing to the development, updating and monitoring of the assurance framework;
- reviewing the Council Plan and individual service plans;
- carrying out strategic and operational risk workshops; and
- regular consultation and liaison with Corporate Management Team, other statutory officers, Assistant Directors, and the External Auditors.

4.2 This approach will seek to ensure that significant risks are adequately identified, assessed and evaluated in terms of the level of assurance necessary and already available, and will involve:

- tracking corporate policy / priority developments and the decisions taken by the authority's decision-making bodies;
- regular consultation with the Corporate Management Team, (including the Monitoring Officer and Section 151 Officer), Assistant Directors and the Audit and Standards Committee Chairman;
- regular liaison with other review bodies, especially the council's External Auditor;
- liaison with/considering the approach and work programmes of other internal review bodies, for example the Overview and Scrutiny Committee;
- liaison with other local government auditors and active participation in local/regional professional groups;
- participating in peer reviews / challenges;
- consideration of key corporate risks; and
- maintaining a professional focus and taking advantage of opportunities for professional updates/development, including continuous professional development for key staff, where appropriate.

4.3 The risk-based audit plan seeks to provide assurance in areas of significant risk where alternative sources of assurance are not readily available. Typically, this will tend to focus on the auditing of "underlying risks", being those risks which are not being addressed by a current corporate or service-based project or initiative. The plan will be reviewed and updated on a quarterly basis to accommodate any emerging significant risks and assurance needs identified through an ongoing review of the assurance framework.

4.4 Internal audit activity may involve any one, or a combination of the following:

- a specific piece of internal audit assurance work;
- efficiency / VFM or support work directed at improving the efficiency of existing procedures and/or standards of governance and control;
- contributing to corporate groups / projects / reviews (officer and/or Member based) established for a given purpose / objective.

AUDIT PLAN PRIORITIES – 2024/25

This plan will be reviewed on a quarterly basis following examination of the assurance mapping declarations, risk registers and any referrals received.				
AUDIT PLAN PRIORITIES - 2024/25	Detailed Rationale	Date Added	Source	Links to Risk Registers / Council Plan / Service Plans
<i>General / Meetings / Non-Chargeable</i>				
Internal Audit Planning, Management and Audit committee work	Ongoing review of the audit plan, completion of reviews and completion of audit committee reports.	Feb-24	M	Mandatory
Advice and assistance	Ad-hoc advice and assistance provided to CMT, Assistant Directors and Managers.	Feb-24	M	Mandatory
<i>Audit and Risk Team - other responsibilities</i>				
Risk Management - ongoing development and training	Facilitation of strategic and operational risk workshops and ongoing monitoring of the GRACE risk management system.	Feb-24	RB	Strategic and Operational Risk Registers
CIA certifications / grant sign off work	The Head of Internal Audit is required to review and sign off on a number of grants – UKSPF, Certification of PCN's, Household Support Fund grants etc.	Feb-24	RB	Council Plan Project (Growth and Prosperity) and Strategic Risk Registers
Management of Insurance and Business Continuity	Management of the Council's insurance portfolio, enquiries and claims. Review of Business Continuity Plans and testing.	Feb-24	S	Support work
National Fraud Initiative (NFI) - Annual Council Tax Single Person Discount (SPD) and Electoral Register upload and Bi-annual full exercise	Q3 - Internal Audit will collate and upload the 2023/24 data for the SPD/Electoral Register datasets and the 2 yearly full data sets in order to comply with the requirements of the mandatory annual NFI data matching exercise.	Feb-24	M	Mandatory

Quarter 1 - Work carried forward from 2023/24				
Information Asset Registers	The Data Protection and Information Security review carried out in 2022/23 identified that a comprehensive review of the councils Information Asset Registers was required to comply with GDPR ensuring that all the councils information assets are accurately recorded and controlled.	Feb-24	RB	Strategic Risk Register
Disaster Recovery / Cyber Security	A review of the Councils Disaster Recovery plan / Cyber Security control measures and the testing of these.	Feb-24	RB	Strategic Risk Registers
Beach Management Scheme	Internal audit will continue to be part of the project group in a business assurance role until the project is completed in 2026.	Feb-24	S	Council Plan Project (Place and Climate)
Cash collection service	This service was re-tendered in 2022 and awarded to APCOA. A series of issues have been experienced since the start of the contract with the collection of council income from car parks and operational centres and the transfer of this to the council's bank. A review of the processes completed is required to ensure this income is correctly received and reconciled.	Feb-24	RB	Operational Risk Registers
Quarter 1 Priorities (April - June 2024)				
Grant Funding	A review will be undertaken to identify the various pots of grant funding received by the council and the risks associated with each of these. Based on the outcome of this assessment an audit review / position statement will be compiled.	Feb-24	CPP	Council Plan Project (Growth and Prosperity) / Strategic Risk Registers
Key Financial System control matrices (Debtors, Creditors, VAT, Main Accounting)	A suite of financial control matrices were completed in 2022/23 and 2023/24 containing the key controls of all the financial systems. These will be sent out annually to identify any significant changes to these systems /	Feb-24	KFS	Mandatory

	procedures and processes and management sign off will be obtained. The need for a full review of each system will be assessed based on results of these completed matrices.			
Moving More Strategy - Position Statement	Working with partners to deliver Wyre's 'Moving More Strategy'. To increase the rate of physical activity in Wyre is a council plan priority. A position statement will be produced to identify how this is being delivered and any risks which may affect this.	Feb-24	CPP	Council Plan Project (People and Communities) / Strategic Risk Registers
Befriending Volunteers - Position Statement	Developing and supporting a volunteer befriending project is a Council Plan priority. A position statement will be produced to identify how this is being delivered and any risks which may affect this.	Feb-24	CPP	Council Plan Project (People and Communities) / Strategic Risk Registers
Street scene	An investigation into the collection of fly-tipped waste in exchange for payment was carried out in 2023. Therefore, a review of the procedures / processes used in the collection of fly-tipped waste will be completed to ensure any recommendations made as part of the investigation report have been actioned.	Feb-24	RB	Operational Risk Registers
Environmental Enforcement Officers / Area Officers and district Enforcement contract	A review of the management of the District Enforcement contract, in particular the arrangements around the processing of Subject Access Requests on behalf of the council. The review will also include a review of the daily procedures and processes used by the Environmental Enforcement Officers.	Feb-24	RB	Operational Risk Registers

Future Priorities (Q2-4)

Key Financial System control matrices (Housing Benefit and Council Tax Support)	A suite of control matrices have been developed containing the key controls of all the revenues and benefits financial systems (HBEN and Council Tax Support). These matrices will be completed with the Revenues Team to identify the key risks within these systems to identify audit work required in these areas going forward. These reviews are to be completed by Lancashire County Council (LCC).	Feb-24	KFS	Mandatory
Insurance service	LCC to carry out an independent review of the Insurance service, as the Insurance Officer is managed by the CIA and the CIA and Audit, Risk and Performance Lead provide cover in the absence of the Insurance Officer.	Feb-24	RB	Operational Risk Registers
Assurance mapping exercise and training	An independent review of the assurance mapping process was carried out by LCC in 2023. As recommended in the review, a training workshop will be completed with Directors and Assistant Directors to ensure they are fully aware of the reasons why they are asked to complete these and the benefits of a robust assurance mapping process. The annual assurance mapping exercise will then be undertaken to identify other sources of assurance received to ensure audit resources are maximised when compiling the 2025/26 audit plan.	Feb-24	M	Compliance with CIPFA's Delivering Good Governance Framework / Local Government Application Note and the Public Sector Internal Audit Standards
CCTV - new digital system and processes	The implementation of the new digital town centre CCTV system will be completed in March / April 2024 covering the Wyre and Fylde town centres. A review of the systems and processes in place to manage and maintain these systems is required.	Feb-24	CPP	Council Plan Project (People and Communities) / Strategic Risk Registers

Ethical Governance Survey (both Members and Officers)	The completion of the Members and Staff Ethical Governance Survey will be completed.	Feb-24	S	Compliance with CIPFA's Delivering Good Governance Framework / Local Government Application Note and the Public Sector Internal Audit Standards
Disabled Facility Grants (DFG's)	A new priority within the Council Plan relates to the use of technology to support older and disabled people to live independently at home. A review of this will be completed to include the processes used in the management of DFGs.	Feb-24	CPP	Council Plan Project (People and Communities)
UK Shared Prosperity Fund (UKSPF) and the Rural England prosperity Fund (REPF)	Review of the Council's 3-year UKSPF Investment Plan and utilisation of the HM Government funding of £3.9m and the 2-year REPF of £0.4m.	Feb-24	RB	Council Plan Project (Growth and Prosperity) / Strategic Risk Registers
Payroll Leavers	A review of the payroll leavers processes, including the notification process, outstanding loans, exit interviews and ICT access removal and handover of ICT equipment.	Feb-24	RB	Operational Risk Registers
Building Maintenance	Review of the Building Maintenance Service to be undertaken by LCC.	Feb-24	RB	Operational Risk Registers
Election Accounts	A post assurance review of the election accounts completed for the PCC elections May 2024 will be completed to identify any control weaknesses and to ascertain the actions from the May 2023 action de-brief have been implemented.	Feb-24	RB	Operational Risk Registers
Taxi Licensing	A review is required following staffing changes within the Taxi Licensing Section and the introduction of new practices e.g. health questionnaire / doctor referrals / data sharing agreements.	Feb-24	RB	Operational Risk Registers

Annual Follow-up Work (Q1-4)				
Data Protection and Information Security	In line with the Audit Charter a follow-up review will be carried out to ensure all audits receiving a 'Limited' or 'Minimal' assurance opinion have implemented the required actions in order to raise the assurance opinion to an acceptable level. Where the opinion remains the same a further follow-up will be completed in 3 months. Should this still remain the same after a second follow up, a referral to the Audit and Standards Committee will be made by the CIA.	Feb-24	M	Mandatory
Marine Hall		Feb-24	M	Mandatory
Others as identified		Feb-24	M	Mandatory
Ongoing Investigations / Actions				
N/A at the time of publishing				
Source Key Ⓟ - Referral Ⓡ - Key Financial System Ⓜ - Mandatory Ⓡ - Risk Based (Strategic / operational risk register) Ⓢ - Council Plan Project / Priority Ⓢ - Support work				



Report of:	Meeting	Date
Audit and Risk Manager (Chief Internal Auditor)	Audit and Standards Committee	27 February 2024

ANNUAL REVIEW OF INTERNAL AUDIT CHARTER
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1. Purpose of report

1.1 Agreement of the Internal Audit Charter for the Audit and Risk Management Section ensuring compliance with the Public Sector Internal Audit Standards (PSIAS) and the associated Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note.

2. Council priorities

2.1 Compliance with the PSIAS and the checklist contained within CIPFA's Application Note constituting 'proper practices' as defined in the Accounts and Audit Regulations 2015.

3. Recommendation/s

3.1 That the Audit and Standards Committee agrees the Internal Audit Charter and Code of Ethics attached at Appendices 1 and 2.

4. Background

4.1 Specific requirements detailed in the Accounts and Audit Regulations 2015 require a relevant body to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account PSIAS or guidance'. From 1 April 2013 the standards and guidance were defined in the PSIAS and CIPFA's Application Note which provides guidance on the specific requirements for local government internal audit services.

4.2 The Application Note documents a number of specific local government requirements, including the requirement to complete an extensive checklist for assessing compliance with the PSIAS. One of the mandatory requirements within the checklist is to have an Internal Audit Charter in place.

4.3 It should be noted, that in July 2023, the Institute for Internal Auditors (IIA) consulted on new Global Internal Audit Standards (GIAS). These standards underpin the UK PSIAS and the Local Government Application Note, which are both mandated by CIPFA for local government bodies in the UK. The changes will mean that when the final version of the Global standards is known, changes will need to be made to both the PSIAS and the Application Note. CIPFA will share further information as it becomes available, however the GIAS are expecting the new standards to become effective from 9 January 2025. If CIPFA guidance is published before the next scheduled review of the Charter in February 2025, a further review will be brought back to the Committee for approval.

4.4 In addition, to the Charter, the Audit and Risk Manager publishes an Internal Audit Strategy which assists in demonstrating how the internal audit service will be delivered and developed in accordance with the Internal Audit Charter, council objectives and priorities. This document is also on the agenda for the meeting on 27 February 2024.

5. Key issues and proposals

5.1 Since the Audit Charter was last approved in March 2023, the following changes have been made:

- Resourcing and Staffing - change of wording to reflect the use of an external audit provider, Lancashire County Council Internal Audit Service to supplement the internal audit work carried out by the in-house team;
- Changes to reflect the recent restructure of the Senior Leadership Team. Namely; from Corporate Directors to Directors, from Corporate Director Resources (Section 151 Officer) to Director of Finance and Governance (Section 151 Officer), from Heads of Services to Assistant Directors and from the Head of Governance and Business Support to Assistant Director of Governance and Legal; and,
- All references to the 'Audit Committee' have been amended to reference the 'Audit and Standards Committee'.

5.2 The Internal Audit Charter and Code of Ethics are included for approval at Appendix 1 and 2.

6. Alternative options considered and rejected

6.1 Not applicable to this report.

Financial, Legal and Climate Change implications	
Finance	None arising directly from the report.

Legal	This will ensure the conditions for good governance and probity are in place.
Climate Change	None arising directly from the report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
health and safety	x

risks/implications	✓ / x
asset management	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Dawn Allen	01253 887586	dawn.allen@wyre.gov.uk	14 February 2024

List of background papers:		
name of document	date	where available for inspection

List of appendices

Appendix 1 – Internal Audit Charter

Appendix 2 – PSIAS Code of Ethics



Internal Audit Charter – February 2024

1.0 Introduction

- 1.1 In accordance with the Public Sector Internal Audit Standards (PSIAS), the Internal Audit Charter sets out the purpose, authority and responsibility of the internal audit activity at Wyre Council and includes a Code of Ethics which stipulates the conduct of Internal Auditors within the Audit and Risk Management Section.
- 1.2 The Internal Audit Charter is publicised within the council to ensure that the role of the Audit and Risk Management Section is understood. The Audit and Risk Manager is responsible for reviewing the Internal Audit Charter and presenting it to the Director of Finance and Governance / Section 151 Officer (Senior Management) and the Audit and Standards Committee (The Board) at least annually for review and approval.

2.0 Definition of Internal Audit

- 2.1 The PSIAS defines internal auditing as *“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”*

3.0 Mission of Internal Audit

- 3.1 The Internal Audit Charter sets out what the internal audit service aspires to accomplish; which is *‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’*. The core principles listed in the PSIAS, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all principles should be present and operating effectively. Failure to achieve any of the principles would imply that an internal audit function was not as effective as it could be in achieving internal audit’s mission. There are 10 core principles, namely:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives and risks of the organisation;

- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive and future-focused, and;
- Promotes organisational improvement.

4.0 Responsibilities

4.1 Internal Audit is a review activity that does not relieve management of its responsibility for ensuring that effective systems of control are in place. The council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the council's objectives. Management shall accept and implement internal audit findings and recommendations, or accept the risk resulting from taking no action.

4.2 The Audit and Risk Management Section will assist the council in discharging its corporate governance requirements and ensure that the council's assets and activities have the necessary insurance cover. The Audit and Risk Manager is responsible for:

- Developing and maintaining an internal audit strategy demonstrating how the internal audit service will be delivered and developed in accordance with the internal audit charter, council objectives and priorities.
- Developing a risk-based audit plan in the context of the strategic direction and based on an understanding of the council's key risks;
- Managing the provision of a complete professional internal audit service that is compliant with the PSIAS and CIPFA's Application Note;
- Providing an annual internal audit opinion to the Audit and Standards Committee, based on the outcomes of internal audit work conducted throughout the year;
- Assisting officers and members of the authority in the effective discharge of their responsibilities;
- Examining, evaluating and reporting on the adequacy of internal controls as a contribution to the efficient, effective and economic use of resources;
- Evaluating the effectiveness and contributing to the improvement of risk management processes;

- Ensuring the council's assets and interests are accounted for and safeguarded against losses of all kinds, including those arising from fraud, irregularity, corruption or bribery;
- Maintaining a level of independence and integrity to permit the proper performance of the internal audit function;
- Maintaining an effective working relationship with the External Auditor;
- Attending Audit and Standards Committee meetings, contributing to Audit and Standards Committee Agendas and advising the Committee on any scope or resource limitations;
- Assessing all matters of potential fraud or irregularity in line with the requirements of the Council's counter-fraud policies; and
- Assisting the Audit and Standards Committee in achieving effectiveness in the delivery of their terms of reference.

4.3 In carrying out their role, staff within the Audit and Risk Management Section are required to comply with the auditing standards as defined in the PSIAS, the Accounts and Audit Regulations 2015 and any other relevant professional guidelines issued by The Institute of Internal Auditors.

4.4 In accordance with the Accounts and Audit Regulations 2015, an annual review of the effectiveness of the system of internal control must be carried out. This will be conducted using the checklist within CIPFA's Application Note which will be presented to the Audit and Standards Committee in June. The outcome of the exercise will form part of the Annual Governance Statement (AGS). Completing an exercise of this nature also allows greater reliance to be placed on the overall opinion on the effectiveness of the control environment within the Annual Audit Report.

5.0 Limitations of Internal Audit Responsibilities

5.1 In seeking to discharge the responsibilities of Internal Audit set out above, it should be noted that Internal Audit is not responsible for the following, which are the proper responsibility of management:

- Controlling the risks of the organisation;
- Establishing and maintaining systems of internal control;
- Determining operational policies or procedures; and
- Preventing or detecting fraud and irregularity.

6.0 Organisational Roles and Relationships

- 6.1 The PSIAS require that the internal audit charter defines the terms 'Board' and Senior Management' in relation to the work of internal audit. For the purpose of internal audit work at Wyre Council, the 'Board' is taken to refer to the Audit and Standards Committee and 'Senior Management' is taken to refer to the Director of Finance and Governance / Section 151 Officer. The PSIAS also refer to the 'Chief Audit Executive' which at Wyre refers to the Audit and Risk Manager (Head of Internal Audit).
- 6.2 The council has adopted CIPFA's Statement on the Role of the Chief Financial Officer in Local Government and the associated Statement on the Role of the Head of Internal Audit in Public Service Organisations. These statements set out principles and standards for the Director of Finance and Governance / Section 151 Officer and the Audit and Risk Manager to act in a mutually supportive way in fulfilling their statutory and professional responsibilities.
- 6.3 Internal Audit supports the Chief Executive, as Head of Paid Service, in providing high-level assurances related to the council's strategy and governance arrangements and will use the Annual Governance Statement to notify her of any significant issues.
- 6.4 Internal Audit supports the Monitoring Officer in discharging her responsibilities in maintaining high standards of governance, conduct and ethical behaviour.
- 6.5 The Audit and Risk Management Section derives its authority from the Financial Regulations and Financial Procedure Rules, contained within the Council's Constitution.

7.0 Relationships with Elected Members, Officers, External Audit and Other Agencies

- 7.1 To ensure good working relationships are established, the Audit and Risk Management Section comply with the 'protocol for officer / member relations' which forms part of the Council's Constitution and involves:
- Working in a spirit of mutual respect and co-operation;
 - Maintaining impartiality;
 - Being politically neutral;
 - Respecting confidentiality;
 - Observing the protocols with regards to access to information, and;
 - Trying to resolve any issues informally and in a spirit of understanding.
- 7.2 The Audit and Risk Management Section will co-operate with External Audit and other review agents to:

- Ensure that duplication of work is minimised;
- Consider joint delivery;
- Determine the level of assurance that can be obtained from their work, and;
- Review the reliance that can be placed on that assurance as part of the Audit and Risk Manager's overall opinion on the control environment included in the Internal Audit Annual Report.

8.0 Independence and Objectivity

- 8.1 Internal Audit operates independently within the council to ensure it is able to appraise and give an impartial opinion on the council's governance arrangements, risks and internal control systems.
- 8.2 To ensure this independence, internal audit operates within a framework that allows unrestricted access to all council officers, senior management and elected members. As such all internal audit staff have the right to access all premises, records and documentation held by the council, its officers and Elected Members and to seek explanation as they see necessary to discharge their duties. This position is supported by the Accounts and Audit Regulations 2015.
- 8.3 Where the Audit and Risk Management Team are responsible for the design and management of any systems and processes, a reciprocal peer review will be sought in order to maintain independence and objectivity.

9.0 Reporting Lines

- 9.1 The Audit and Risk Management Team sits within the Resources Directorate and the Audit and Risk Manager reports directly to the Director of Finance and Governance / Section 151 Officer in her capacity as the Chief Internal Auditor. Internal audit activity is organisationally independent in its planning and operation and as such has unrestricted access to the following:
- Chief Executive;
 - Monitoring Officer;
 - Chairman of the Audit and Standards Committee;
 - Members of the Council; and
 - All council employees.
- 9.2 Functionally, the work of internal audit is reported to the Director of Finance and Governance / Section 151 Officer, other Directors, Assistant Directors, Audit and Standards Committee and the External Auditor by means of specific

reports. They are also reported in summary form to the Audit and Standards Committee via six-monthly monitoring and activity reports.

- 9.3 The Audit and Risk Manager and the Chairman of the Audit and Standards Committee have mutual, direct access to each other and will liaise as they consider appropriate.

10.0 Due Professional Care and Ethics

- 10.1 All Audit and Risk Management staff have an ethical responsibility to work with due professional care. Due professional care is the care and skill that prudent and competent internal auditors will apply in performing their duties; working with competence and diligence, using knowledge and judgement based on experience, training and ability.
- 10.2 Care will be appropriate to the objectives, complexity, nature and materiality of the audit being performed. The auditor will consider various data analysis techniques and be alert to significant risks that may affect the organisation.
- 10.3 The PSIAS contain a Code of Ethics which is mandatory for all internal auditors in the public sector and all internal audit staff at Wyre Council will operate in accordance with this. In addition, internal auditors are also required to comply with the relevant requirements of their own professional bodies and the organisation in which they are employed and have regard to the Committee on Standards of Public Life's 'Seven Principles of Public Life'.

11.0 Quality Assurance and Improvement Programme (QAIP)

- 11.1 The PSIAS requires that the Chief Audit Executive (at Wyre this is the Audit and Risk Manager) develops and maintains a Quality Assurance and Improvement Programme (QAIP). A QAIP is designed to enable an evaluation, checking that internal audit's activity conforms to the 'Definition of Internal Auditing', the PSIAS and whether Internal Auditors apply the Code of Ethics. The QAIP also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The QAIP must include both internal and external assessments and any improvement plans resulting from the QAIP must be monitored accordingly. The following activities make up the QAIP at Wyre:

Internal Assessment

- On-going progress review of internal audit activity;
- 6 monthly performance appraisals for all audit staff;
- Completion of CIPFA's Application note checklist to assess the Effectiveness of Internal Audit;
- Quality inspections of all audit work by the Audit and Risk Manager;
- Annual certification confirming compliance with the Code of Ethics contained within the Audit Charter; and

- Annual feedback from the Chairman of the Audit and Standards Committee on the Chief Audit Executive's performance.

External Assessment

- Annual review and validation of the Annual Governance Statement;
- The External Auditor has an annual opportunity to raise any issues concerning Internal Audit activity with the Audit and Standards Committee.
- External assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation in accordance in the PSIAS. The last assessment was carried out in 2023 with no significant issues reported.

11.2 The results of the quality and assurance programme and progress against any improvement plans will be reported in the annual report to the Director of Finance and Governance Resources / Section 151 Officer and the Audit and Standards Committee.

12.0 Strategy and Planning

12.1 The Audit and Risk Manager will develop and maintain an Internal Audit Strategy to demonstrate how the internal audit service will be delivered and developed in accordance with the internal audit charter, council objectives and priorities.

12.2 The Audit and Risk Manager will also prepare a risk-based audit plan taking into account the Council's Council Plan, Service Plans, the Medium Term Financial Plan, Strategic and Operational Risk Registers and discussions with the council's Corporate Management Team and the External Auditor. The audit plan will outline the assignments to be carried out and include an assessment of the resources required for delivery. The Audit and Standards Committee will approve the plan in advance of the financial year.

12.3 To reflect any changing priorities or emerging risks, the audit plan will be reviewed on a quarterly basis. Progress in relation to the plan will be reported to the Audit and Standards Committee on a six-monthly basis.

13.0 Resourcing and Staffing

13.1 The Audit and Risk Manager (Chief Audit Executive) will hold a professional qualification, defined as CCAB, CMIIA or equivalent professional membership and adhere to the professional values and the Code of Ethics. The Audit and Risk Manager will have sufficient skills, experience and competencies to work with the Director of Finance and Governance / Section 151 Officer and the Audit and Standards Committee to influence the risk management, governance and internal control of the council.

- 13.2 The Audit and Risk Manager is responsible for ensuring that Internal Audit are suitably resourced in order to achieve its overall mission and will aim to maintain a suitable mix of experienced and qualified staff. To assist Wyre Council in meeting these requirements, the internal audit service is currently supplemented by the use of an external audit provider, Lancashire County Council Internal Audit Service. This organisation is required to comply with PSIAS. In addition, the ICT audit services framework with Merseyside Internal Audit Services (MIAA) managed by Lancashire County Council is available to the council should additional expertise be required to review any areas of risk identified in the ICT risk register. However, it should be noted that this is due to expire later this year and other options will be explored.
- 13.3 Individual training needs are established and agreed through the council's Performance Appraisal process along with the most cost effective way of meeting those needs. As a professional service, staff are expected to actively participate in formal Continuing Professional Development (CPD) schemes.
- 13.4 Once a year, the Audit and Standards Committee will have the opportunity to attend two scheduled private discussions, one with the council's External Auditors and the other with the Audit and Risk Manager. Following on from these discussions, feedback on the Audit and Risk Manager's performance is provided by the Chairman of the Audit and Standards Committee to the Assistant Director of Governance and Legal prior to the Audit and Risk Manager's annual performance appraisal taking place.

14.0 Scope of Internal Audit Work

- 14.1 Using a systematic, disciplined and risk-based approach, the scope of internal audit work covers all of the council's governance arrangements, procedures for ensuring the effective management of all significant risks and ensuring regularity in all its financial areas, including value for money.
- 14.2 It allows for unrestricted coverage of the authority's activities and unrestricted access to all records, personnel, property and assets deemed necessary in the course of an engagement. Such access shall be granted on demand and is not subject to advance notice. There are no limitations placed upon the scope of internal audit work. Internal audit has the right to request and receive explanations from all employees or Elected Members concerning any matter under consideration.
- 14.3 The scope of internal audit work extends to services provided through partnership arrangements. The Audit and Risk Manager at Wyre Council should decide, in consultation with all parties, whether internal audit staff should conduct the work to derive the required assurance or rely on the assurances provided by others.
- 14.4 If the Audit and Risk Manager or those charged with governance consider that the level of internal audit resources in any way limits the scope of internal audit work, or prejudices the ability of internal audit to deliver a service

consistent with the definition of internal audit, they should advise the Audit and Standards Committee immediately.

14.5 Internal audits are not limited to financial systems or records, but extend to all the activities of the council as this reflects the control environment and the governance arrangements in place. The Audit and Risk Management Section will undertake the following activities as and when required:

- Promote appropriate ethics and values within the organisation;
- Assess and make appropriate recommendations to improve the organisation's governance processes and monitor progress made against governance actions;
- Review compliance with laws, regulations, council policies, the Financial Regulations and Financial Procedure Rules and contracts;
- Review compliance with the Council's Constitution;
- Undertake transaction testing to provide assurance as to the accuracy of processing;
- Perform Computer Audit and Contract Audit;
- Undertake proactive and reactive management of the council's insurance portfolio, linked to risk;
- Investigate suspected fraud, bribery and corruption (not including Benefit Fraud Investigation work);
- Embed risk management – including the identification and assessment of significant risks, risk responses and communication of relevant risk information to enable staff and management and the board to carry out their responsibilities;
- Carry out value for money studies, and;
- Verify performance information and published national and local indicators.

15.0 Consultancy work

15.1 Internal audit may act in a consulting role to review controls within existing systems and those under development to give advice and assistance when required, without assuming management responsibility. A contingency will be made in the internal audit plan to support management in this way.

15.2 Prior to accepting any additional consultancy work not already included in the internal audit plan, the Audit and Risk Manager will consider the effect this would have on the completion of the assurance work. In accordance with PSIAS, approval will be obtained from the Audit and Standards Committee for any consultancy work requested, prior to accepting the engagement.

16.0 Engagement planning

16.1 For each engagement, an Audit Brief will be prepared and agreed with relevant managers. The Audit Brief will contain a Risk and Control Evaluation (RACE) which details the risks relevant to the activity under review, together with the objectives, scope and timing of the audit assignment, resource and reporting requirements.

17.0 Performing the engagement

17.1 During each engagement, Internal Audit will identify sufficient, reliable, relevant and useful information to achieve the engagement's objectives and to support the recommendations made and the overall conclusion. The draft report and supporting evidence will be reviewed by the Audit and Risk Manager to ensure objectives have been achieved and quality assured. All evidence obtained will be documented and securely retained in accordance with the council's Information Asset Register and access to this will be controlled.

18.0 Communicating results

18.1 Following the conclusion of each engagement, a formal report detailing the findings and recommendations / action plan will be prepared by the Audit and Risk Management team and issued by the Audit and Risk Manager.

18.2 In accordance with the Quality Assurance and Improvement Programme, all audit review work (which includes scoping meetings, fieldwork, reporting and follow-up work) will be conducted and communicated in a prompt and timely manner and in accordance with the timescales agreed with the auditees.

The reports are distributed as follows;

- Managers receive a final copy of the report with an agreed action plan, following confirmation of the draft report's factual accuracy. The action plan details responsibilities for action, the timetable and priorities. Whilst management are ultimately responsible for the implementation of agreed actions, follow up audits will be completed by Internal Audit to monitor implementation of the agreed actions and provide an updated assurance opinion where this was awarded limited or minimal / no assurance. The Audit and Standards Committee will receive regular updates and should the overall assurance opinion remain unchanged following the completion of two follow-up reviews, the Committee may seek explanations directly from the managers responsible for the delay or failure to implement recommendations.
- The Section 151 Officer and the appropriate Director, the Audit and Standards Committee and the council's External Auditor all receive copies of the final reports. A copy is also published on the council's SharePoint hub and the Councillor Portal.

- The Audit and Standards Committee receives six-monthly updates on audit work performed and an executive summary of findings / recommendations made, highlighting any key issues arising from this work.
- At each meeting, the Committee has the opportunity to discuss any of the audit reports that have been issued since the previous meeting. Officers may be asked to attend the Audit and Standards Committee meeting to address any questions raised by the members.

19.0 Fraud, Bribery and Corruption

- 19.1 Managing the risk of fraud, bribery and corruption is vital to the success of the council in achieving its corporate objectives. The Audit and Risk Management Section will assist management in the effective discharge of this duty. Audit procedures alone, even when performed with due care and professionalism cannot guarantee that a system is 100% risk free, nor that all incidents of fraud, bribery and corruption will be detected and investigated.
- 19.2 The Audit and Risk Management Section is not solely responsible for the prevention or detection of fraud, bribery and corruption. It will, however, remain alert to risk and exposures both internal and external to the organisation. Close involvement with the national anti-fraud agencies and participation in the National Fraud Initiative will assist this process.
- 19.3 Any evidence or suspicion of an irregularity regarding council funds, property or any other asset or interest should be reported immediately using the Whistleblowing Policy. The council is committed to the highest possible standards of openness, probity and accountability, and encourages all its Elected Members, employees, partners and contractors to voice their concerns without fear of reprisal.
- 19.4 The Audit and Risk Management Section will lead or assist in the development, maintenance and delivery of training associated with the effectiveness of policies that contribute towards sound corporate governance, as detailed in the council's Annual Governance Statement e.g. Whistleblowing Policy, Anti-Fraud, Bribery and Corruption Policy, Officer's Gifts, Hospitality and Interests and the Anti-Money Laundering Policy and Procedures.

Public Sector Internal Audit Standards – Code of Ethics

1.0 Introduction

- 1.1 The PSIAS contain a Code of Ethics (the Code) which is mandatory for all internal auditors in the public sector. In addition, internal auditors are also required to comply with the relevant requirements of their own professional bodies and the organisation in which they are employed.

2.0 Purpose

- 2.1 The purpose of these ethics is to promote an ethical, professional culture in internal auditing. Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's 'Seven Principles of Public Life'. Namely;

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

- 2.2 The Audit and Risk Manager at Wyre Council will ensure that auditors are regularly reminded of their ethical responsibilities as part of the performance appraisal process. Auditors will be asked to declare annually any personal interests and certify that they understand and will comply with the requirements of the Code.

3.0 Applicability and Enforcement

- 3.1 The Code applies to both individuals and entities that provide internal auditing services. For members of the Institute of Internal Auditors (IIA), breaches of the Code shall be evaluated and administered according to the IIA Disciplinary Procedures. Disciplinary procedures of other professional bodies e.g. CIPFA and employing organisations may also apply to breaches of the Code.

4.0 Fundamental Principles

- 4.1 Internal auditors are expected to apply and uphold the following four principles:

Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

Internal Auditors:

- Shall perform their work with honesty, diligence and responsibility;
- Shall observe the law and make disclosure as required by the law and their professions;
- Shall not knowingly be part of any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation; and
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

Objectivity

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Internal Auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation;
- Shall not accept anything that may impair or be presumed to impair their professional judgement; and
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Confidentiality

Internal Auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Internal Auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties; and
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

Competency

Internal Auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Internal Auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience;
- Shall perform internal auditing services in accordance with the Public Sector Internal Audit Standards; and
- Shall continually improve their proficiency and effectiveness and quality of their services.

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Department for Levelling Up, Housing & Communities

Simon Hoare MP
Minister for Local Government
2 Marsham Street
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SW1P 4DF

Clive Betts MP
Chair, Levelling Up, Housing and Communities Committee
House of Commons
London
SW1A 0AA

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January 2024

Dear Clive

Thank you for your considered report on *Financial Reporting and Audit in Local Authorities*, published by the Levelling Up, Housing and Communities Committee on 24 November 2023.

The Government recognises the vital role played by our systems of local authority financial reporting and audit. Accurate and independently audited financial information, delivered on time, enables local bodies to effectively plan, make informed decisions and manage their services. This aids transparent and accountable local democracy which engenders public confidence and trust.

In July my predecessor, Lee Rowley MP, wrote to you providing a cross-system statement on proposals to clear the backlog of local audits. He set out that there exists a shared resolve and commitment amongst the organisations which comprise the local audit system to take action to tackle the exceptional circumstances of the current backlog and ensure a return to timely delivery of high-quality financial reporting and external audit in local bodies. This resolve remains strong and considerable. Detailed development of the proposals, alongside engagement with stakeholders across the sector, has taken place since the Summer. I am pleased that the Committee have acknowledged that "*a resetting of the system through a limited series of statutory deadlines... represents a necessary first step...*".

I can now confirm that the Department, supported by the FRC, alongside the National Audit Office, will launch consultations on these proposals soon. Our proposals will include an initial backstop date for local authorities and auditors of 30 September 2024 for all outstanding local audits in England up to and including the financial year 2022-23. Subject to the outcome of the consultations on necessary legislative changes as well as changes to the Code of Audit Practice, we intend to bring forward legislation to implement the backstop proposals. While these consultations take place, preparers and auditors should continue undertaking existing work to produce and audit local authority financial statements to ensure the system is in the best place possible to implement any final package of measures.

The Government is carefully considering the Committee's report, and its content is helping to inform our work with key system partners to develop solutions to the challenges in the local authority financial reporting and audit system. The Committee's report makes a wide range of recommendations for both the backlog and the future of local financial reporting and audit and I agree that important questions concerning systemic challenges must be addressed.

SIMON HOARE MP
Minister for Local Government

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Simon Hoare MP
Minister for Local Government
2 Marsham Street
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SW1P 4DF



To All Chief Executives, Chief Financial Officers,
Local Authority Leaders and Local Audit Firm
Partners

8 February 2024

Dear Colleagues,

Local Audit Consultation

I am delighted that today the Government is launching a consultation and Joint Statement, progressing the commitments made by the previous Minister for Local Government to work with the Financial Reporting Council (FRC), and other organisations in the local audit system on cross-system proposals to clear the backlog and put the local audit system on a sustainable footing.

Local audit is both a vital and independent source of assurance and a key element of the checks and balances within the local accountability framework. A significant number of local audits in England are outstanding. The issues facing local audit are widely recognised as multi-faceted and complex. Delays are to an extent affecting Scotland and Wales as well as England. They also impact different sectors, not just local government. It is widely recognised that many organisations in the local audit system have contributed to the delays experienced since 2017/2018 and that audits have become more challenging, with firms responding to a changing regulatory environment. In addition, pressures on the system were compounded during the COVID-19 pandemic and by an aging workforce.

The consultation seeks views on proposed legislative changes to the Accounts and Audit Regulations 2015 (the 2015 Regulations). We have published a draft statutory instrument alongside the consultation which covers the core elements of the proposed amendments. These, along with the Joint Statement are available at www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation.

These cross-system proposals have been developed and agreed by the Department for Levelling-Up Housing and Communities (DLUHC), the FRC, the National Audit Office (NAO), the Chartered Institute of Public Finance and Accountancy (CIPFA), the Institute of Chartered Accountants in England and Wales (ICAEW), and Public Sector Audit Appointments (PSAA).

These are not proposals we take lightly, but these are exceptional times. Key organisations across the local audit system, including the Government, share the conviction that bold steps are necessary to reset the system.

The Joint Statement provides vital context, and explains the package of measures and how the various elements are intended to interact and explains that the wider package of measures consists of three stages:

- Phase 1: Reset involving clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 30 September 2024.
- Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation itself covers questions on:

- Phase 1: 'Backstop' Proposals for Financial Years 2015/2016 to 2022/2023 and
- Phase 2: 'Backstop' Proposals for the Recovery Period, Financial Years 2023/2024 - 2027/2028

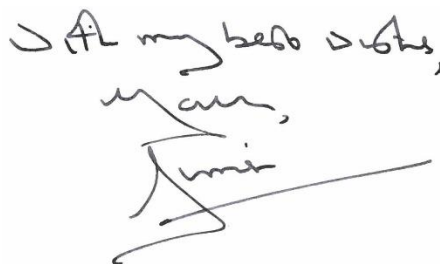
This consultation will run for four weeks from 8 February 2024 to 7 March 2024. This is an open consultation, and we welcome the views of any individual or entity interested in the proposals, including all Category 1 authorities and their Section 151 officers, audit firms, and other organisations which form part of the local audit framework. You can respond to this call for evidence through our online consultation platform Citizen Space: <https://consult.levellingup.gov.uk/local-audit-and-conduct/addressing-the-local-audit-backlog-in-england>.

The NAO is also consulting in parallel to this consultation, on related changes to the Code of Audit Practice. A link to the NAO consultation can be found here: www.nao.org.uk/code-of-audit-practice-consultation. Further detail on the NAO's proposals can also be found in the Joint Statement. The CIPFA LASAAC Board will be consulting shortly on related changes to the Code of Practice for Local Authority Accounting.

While I recognise the challenges there have been I would like to encourage you to continue undertaking existing work to produce and audit local authority financial statements while the consultations take place. Any slowdown in activity would lead to further issues in the future and, ahead of the first proposed backstop date. Please do continue to work together to ensure that as many audits can be completed in full as possible.

These proposals are an important step in restoring timely and high-quality financial reporting and audit for local bodies and I am grateful for the hard work and collaboration of system organisations in developing these measures. Please let us know your views so that we can work closely together to refine and implement measures to clear the backlog of local audit opinions, and develop the long-term reforms required to prevent a backlog recurring.

I look forward to seeing your responses.



With my best wishes,
Yours,
Simon

SIMON HOARE MP
Minister for Local Government