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**North East  
Derbyshire**  
District Council

Contact: Tom Scott

Tel: 01246 217045

Email: [thomas.scott@ne-derbyshire.gov.uk](mailto:thomas.scott@ne-derbyshire.gov.uk)

Date: Friday, 23 June 2023

To: **Members of the Audit Committee**

Please attend a meeting of the Audit Committee to be held on **Monday, 3 July 2023 at 1.00 pm in the Council Chamber**, District Council Offices, 2013 Mill Lane, Wingerworth, Chesterfield.

Yours sincerely

A handwritten signature in black ink that reads "Sarah Steenberg".

Assistant Director of Governance and Monitoring Officer

## **Members of the Committee**

<b><u>Conservative Group</u></b>	<b><u>Labour Group</u></b>	<b><u>Independent Group</u></b>	<b><u>Liberal Democrat Group</u></b>
Councillor Alex Dale Councillor Martin E Thacker MBE JP	Councillor Christine Smith Councillor David Cheetham Councillor Gerry Morley		

**For further information about this meeting please contact: Tom Scott 01246 217045**

# **A G E N D A**

**1     Apologies for Absence**

**2     Declarations of Interest**

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

**3     Minutes of Last Meeting (Pages 4 - 9)**

To note the Minutes of the Audit and Corporate Governance Scrutiny Committee held on 15 February 2023.

**4     Treasury Management Presentation - Arlingclose**

**5     Audit Committee Introductory Session**

**6     Risk Management Update (Pages 10 - 41)**

**7     External Audit Progress Report - Mazars (Pages 42 - 75)**

**8     Committee Work Programme 2023/24 (Pages 76 - 79)**

**9     Urgent Items**

**10    Date of Next Meeting**

The next meeting of the Audit Committee is scheduled to take place on 29 September 2023.



**North East  
Derbyshire**  
District Council

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## **AUDIT & CORPORATE GOVERNANCE SCRUTINY COMMITTEE**

### **MINUTES OF MEETING HELD ON WEDNESDAY, 15 FEBRUARY 2023**

#### **Present:**

Councillor Martin E Thacker MBE JP (Chair) (in the Chair)

Councillor Nigel Barker  
Councillor Paul Parkin  
Councillor Kevin Tait

Councillor Pat Kerry  
Councillor Ross Shipman

#### **Also Present:**

L Hickin	Managing Director & Head of Paid Service
J Dethick	Director of Finance and Resources & Section 151 Officer
K Drury	Information, Engagement and Performance Manager
L Kerry	Senior Auditor
T Scott	Governance and Scrutiny Officer

#### **AUD Apologies for Absence**

**64/2**

**2-23** Apologies for absence were received from Councillor W Armitage and Councillor G Morley.

#### **AUD Declarations of Interest**

**65/2**

**2-23** Members were requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interest, in any item on the agenda and withdraw from the meeting at the appropriate time.

No Declarations of Interest were received for the meeting.

#### **AUD Minutes of Last Meeting**

**66/2**

**2-23** RESOLVED – That the Minutes of the Audit & Corporate Governance Scrutiny Committee held on 18 January 2023 be approved as a correct record and signed by the Chair.

#### **AUD Verbal Update of the External Auditors – Mazars**

**67/2**

**2-23** The Director of Finance and Resources & Section 151 Officer informed Members that Mazars representatives would not be in attendance for this meeting.

The Director of Finance and Resources & Section 151 Officer informed Members that the Annual Audit Letter had been circulated to the Committee and the Chair had signed its approval, so it would next be considered at the Council meeting on 6 March 2023.

RESOLVED – That the Committee noted the verbal update from the Director of Finance and Resources & Section 151 Officer.

**AUD**     **Internal Audit Progress Update**

**68/2**

**2-23**

The Senor Auditor presented a progress report in respect of the 2022/23 Internal Audit Plan.

Members were informed that no issues relating to fraud were identified. In addition, not all of the audits included in the plan would be completed by the year end, and the outstanding audits would be considered for inclusion in the 2023/24 Internal Audit Plan on a risk basis.

Members were also informed that the Council had appointed a new Auditor that was due to start their role in the coming days.

RESOLVED – That the Committee noted the report.

**AUD**     **Monitoring the Implementation of Internal Audit Recommendations**

**69/2**

**2-23**

The Senor Auditor presented a report with a summary of the internal audit recommendations made, implemented and outstanding for the financial years 2019/20 to date.

The Senior Auditor explained that some of the ICT related targets were being postponed while ICT completed the implementation of Microsoft 365. The Director of Finance and Resources & Section 151 Officer added that ICT were also experiencing staffing issues.

The Senior Auditor referred to the mention of Coney Green Business Centre in the Appendices and explained that Internal Audit had received no update from the Centre since September 2022. Members felt that their failure to update needed to be chased up by officers. The Managing Director and the Senior Auditor confirmed this was being dealt with by officers.

RESOLVED – That the Committee noted the report.

**AUD**     **Performance Management**

**70/2**

**2-23**

The Information, Engagement and Performance Manager presented a report on the Quarter 2 outturns for the Council Plan 2019-2023 targets.

Out of the 77 targets:

- 42 (55%) targets were on track
- 2 (2%) targets had been achieved this time, and 29 (38%) achieved previously
- 4 (5%) targets had been flagged as on alert as they may not achieve their intended yearly outturn

The targets on alert were:

1. SER 19 - Achieve a combined recycling and composting rate of 50% by March 2023
2. RES 03 - Increase participation in leisure activities at leisure centres by 5000 visits per year
3. RES 30 - Provide 10 waste, recycling and environmental advice to schools and community events per year
4. RES 31 - Support at least 6 school climate change projects per year

Members were informed that the reason the RES 31 target had been missed was because schools' main priority was recovering from COVID. The Chair did not feel this was the case and recounted recent experiences of schools being heavily involved in ecological issues. The Information, Engagement and Performance Manager agreed to check with the officer involved with the target to ensure the reason was accurate.

The Chair referred to target RES 24 (Develop the British Sign Language Action Plan by April 2020 for implementation in full by December 2023) and did not feel this target should be marked as 'achieved' because he felt the deaf community had not been consulted on the content of the Plan. The Managing Director agreed to investigate if this was the case. The Information, Engagement and Performance Manager added that the Council took the deaf community very seriously.

Members asked if it would be possible to produce performance data for each leisure facility in the District, and then produce a table comparing the performance of each one before and after the COVID pandemic. The Managing Director stated that officers would be requested to produce this table.

Members enquired if the 'satisfaction survey' quoted in the data included every leisure facility. The Managing Director confirmed it did include them all, and the survey would be circulated to the Members of the Committee.

Members enquired if there were any particular environmental or recycling challenges coming in the future. The Managing Director explained that provisions from the Environment Act 2021 would be introduced in the coming months, and a breakdown would be produced for the Committee to explain the changes this would mean.

Members suggested that the targets in the Council Plan should be more open to review, and each target should go into more detail in performance updates instead of whether or not it had been achieved. The Managing Director responded by stating that the Plan could be made more dynamic to allow Members earlier input, and the targets could be presented in a more transparent fashion.

**RESOLVED** – That the Committee noted the report.

**AUD  
71/2  
2-23**

### **Risk Management**

The Managing Director presented a report on the current position regarding Risk

Management arrangements and the Strategic Risk Register as at February 2023.

Members enquired if the Council had a vehicle reversing policy. The Managing Director confirmed the Council did have a reversing policy, and each vehicle had CCTV cameras to ensure they adhered to it.

Members referred to the mentions in the report on fire safety and enquired if the Council referred its tenants to Fire Derbyshire for training. The Managing Director confirmed this was the case.

Members agreed that to make provisions for devolution in the future, the Risk Management Group should review the risk register to ensure it allows the flexibility to oversee all future possibilities that might significantly change the Council, including devolution.

**RESOLVED –**

(1) That the Committee noted the report.

(2) The Risk Management Group should review the risk register to ensure it allows the flexibility to oversee all future possibilities that might significantly change the Council, including devolution.

**AUD     Financial Monitoring**

**72/2**

**2-23**

The Director of Finance and Resources & Section 151 Officer explained that the purpose of the report was to update the Committee on the financial position at Quarter 3. Appendices 1 and 2 summarised the General Fund position, and the report would be presented to Cabinet on 2 March 2023.

Members were informed that the General Fund was £117,000 under spent at Q3. The main variances were detailed in the report at 2.4 – 2.6, and they showed that variances at Q3 were generally not material in nature as they were measured against the recently revised budget. Pay budget savings made up a large proportion of the under spend. Income was lower than forecast at the newly opened Killamarsh Active, but this was covered by savings in pay costs.

Members were also informed that there were very few variances of note on the Housing Revenue Account, and Appendix 4 detailed capital expenditure incurred on a scheme-by-scheme basis. Details of variances could be found at 2.15. There was nothing of concern to report.

Appendix 5 provided a report on the Treasury Management activity for Q3.

Members referred to the proposed 2022/23 budget listed for Dronfield Café (£1.191 overspend) in Appendix 2 and asked why this was so different to the actual budget of £9,838 underspend. The Director of Finance and Resources & Section 151 Officer agreed to investigate the cause of the difference.

Members referred to the mention of ‘vehicle repair charge’ and asked exactly what this involved. Members were informed that it referred to repairs to Council vehicles.

Members referred to the 'fly tipping budget' and asked if this included legal costs. Members were informed that the legal costs were captured in a separate legal costs budget.

RESOLVED – That the Committee noted the report.

**AUD**     **Corporate Debt**

**73/2**

**2-23**     The Director of Finance and Resources & Section 151 Officer presented a summary of the corporate debt position as at 31 December 2022.

RESOLVED – That the Committee noted the report.

**AUD**     **Proposed Accounting Policies**

**74/2**

**2-23**     The Director of Finance and Resources & Section 151 Officer presented a report seeking approval of the accounting policies to adopt for the current financial year in the preparation of the Statement of Accounts 2022/23.

RESOLVED –

(1) That the Committee approved the report.

(2) Members noted that any proposed amendments or changes to these policies would be reported back to this Committee, together with an explanation for the reasons a change was considered to be appropriate and detailing any financial implications of the amendments.

**AUD**     **Committee Work Programme 2022-23**

**75/2**

**2-23**     The Chair informed Members that the next meeting of the Committee in the Work Programme for 10 May 2023 would not take place because of the District election.

Members agreed that issues in the Work Programme 2022-23 that had not yet been resolved should be carried over to the Work Programme 2023-24.

RESOLVED –

(1) That issues in the Work Programme 2022-23 that had not yet been resolved should be carried over to the Work Programme 2023-24.

(2) That the Committee noted and approved the Audit and Corporate Governance Scrutiny Work Programme for the remainder of the 2022/2023 municipal year as set out in the attached Appendix 1.

**AUD**     **Forward Plan of Executive Decisions**

**76/2**

**2-23**     RESOLVED – That the Forward Plan of Executive Decisions be noted.



**AUD** **To consider any other items which the Chair is of the opinion should be**  
**77/2** **considered as a matter of urgency**  
**2-23**

There were no urgent items to be discussed at the meeting.

**AUD** **Date of Next Meeting**  
**78/2**  
**2-23**

To be confirmed.

## North East Derbyshire District Council

### Audit Committee

3 July 2023

### RISK MANAGEMENT

#### Report of the Managing Director

Classification: This report is public

Report By: Lee Hickin, Managing Director

Contact Officer: Lee Hickin Managing Director

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#### **PURPOSE / SUMMARY**

- To update Members of the Audit Committee of the current position regarding Risk Management arrangements and the Strategic Risk Register as at June 2023.

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#### **RECOMMENDATIONS**

1. That the Audit Committee notes the report and Strategic Risk Register as at June 2023 as set out in **Appendix 1**.

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#### **IMPLICATIONS**

Finance and Risk: Yes ☒ No ☐

##### **Details:**

There are no additional financial implications arising out of this report. Whilst, where appropriate, additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Operational Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets. Risk Management Issues are covered throughout the body of the main report.

On Behalf of the Section 151 Officer

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Legal (including Data Protection): Yes ☐ No ☒

**Details:**

There are no legal or data protection issues arising directly out of this report.

On Behalf of the Solicitor to the Council

**Staffing:**     Yes ☐     No ☒

**Details:**

There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

**DECISION INFORMATION**

<b>Decision Information</b>	
<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>NEDDC:</b> <b>Revenue - £100,000</b> <input type="checkbox"/> <b>Capital - £250,000</b> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Cabinet</b> <input checked="" type="checkbox"/> <b>SMT</b> <input checked="" type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	Yes

**Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.**

None

## REPORT DETAILS

### 1 **Background**

1.1 The former Audit and Corporate Governance Scrutiny Committee have previously endorsed the Council's Risk Management Strategy 2020 and more recently the updated Risk Management Strategy 2022 which was then approved by Cabinet in September 2022. The current Strategy includes but is not limited to the following;

- The nature of 'risk' both the 'threats' and the 'opportunities'
- The benefits of a robust risk management approach
- The Council's risk appetite
- Risk categorisation – *Operational, Governance, Strategic*
- Project and Partnership risk
- The Council's risk management approach and arrangements including a new 'Risk Management Group'
- Roles and responsibilities including *Senior Risk Officer* and *Senior Information Risk Officer* (SRO and SIRO)

1.2 The Strategy also details the work of a 'Risk Management Group'. This is elected Member led and includes the Council's Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group provides a comprehensive oversight of risk throughout the organisation and is the conduit to and from the whole organisation in terms of risk management.

1.3 The group 'regularly' and 'consistently' oversee, all of the risk registers ensuring they are up to date and accurate whilst offering challenge to the assessment process itself. It is responsible for risk management reporting to stakeholder groups across the Council, including this Committee and supports the production of the Annual Governance Statement. The group leads on the development and review of all risk related policies, plans and strategies across the Council and oversees and champions the implementation of the Risk Management Strategy and associated action plan including training 'relating to' and the 'embedding of' an effective risk management culture.

#### 1.4 **Update of the Risk Management Group held on 11 May 2023**

##### Minutes of Last Meeting / Matters Arising

The minutes of the meeting held on 23 January 23 were agreed.

##### Matters Arising:

- Insurance/Legal Claims. Suggestion of photos being taken when inspections are carried out. Managing Director to discuss with Director of Finance and Resources.
- Archive Store. Facilities had now taken over the archive store and were arranging for the area to be cleared. Facilities to produce an inventory,

retention and disposal schedules and monitor the area. Facilities to be consulted prior to any documents/files being stored in the archive store.

### **1.5 Hikvision CCTV**

The Information and Policy Officer briefed the RMG on the Hikvision CCTV report. In summary:

The Information, Engagement and Performance Manager had checked the government guidance and advice was that the restrictions only applied to national security and it was not expected that this would filter down to local government. The Surveillance Camera Commissioner was also not expecting any impact on local government. Since there is currently no financial or security risk of continuing to use Hikvision CCTV systems there is no reason to consider replacing CCTV systems. This would be reviewed as and when new contracts were considered.

### **1.6 Data Protection Annual Report 2022 – 23 and Compliance Programme 2023-24**

The Information and Policy Officer provided an update.

In summary:

- 150 pieces of advice had been provided to colleagues and members.
- Supported 12 Data Protection Impact Assessments.
- Delivered refresher training and toolkit talks.
- Supported 26 data breaches and two near miss reports.
- Received a 'reasonable assurance' rating for the Data Protection Internal Audit.
- Reviewed, updated and reformatted the record retention schedule
- Completed Surveillance Camera desk-top audit.
- Devised an internal sharing agreement between Council Tax and Planning Enforcement to facilitate regular sharing.
- Administered 22 subject access requests – two exceeded the timescale due to the complexity of the requests. 1 had been referred to the ICO, no further action was required, but the ICO did provide some recommendations.
- Administered 45 third party personal data requests.
- Dealt with 5 complaints – 1 upheld, others partially upheld.
- Priority for 2024 was reviewing Record of Processing Activities (ROPA).

The Managing Director queried whether any impact had been noticed following the pandemic. The Information and Policy Officer confirmed that, since NEDDC do not have 'Home Workers' – only Agile Workers, no impact had been noticed.

No requests had been received relating to grants.

With regard to emails being sent to the wrong recipient, The Joint AD, Environmental Health queried whether there was a technical solution to resolve this issue. The AD, ICT confirmed that a technical solution was available and had been implemented for revenues and benefits officers due to the highly sensitive nature of their work. IT were considering a data loss protection policy, but this was expected to incur licencing costs.

## 1.7 **Insurance Claims / Legal Claims**

The Managing Director provided an update. In summary:

### **Total claims**

Insurance claims in 2023 – 12

Total Claims outstanding 2023 – 12

Insurance claims in 2022 – 27

Total Claims outstanding from 2022 - 14

### **Employee Liability claims**

0 claims received in 2023

0 Claims outstanding from 2023

2 claims outstanding from 2022 - 2 Mesothelioma

### **Vehicle Related**

7 claims received in 2023 - 5 claims are for reversing incidents which are becoming more frequent & 2 claims for collisions with other vehicles

4 claims outstanding from 2023 - 3 claims are for reversing incidents which are becoming more frequent & 1 claims for collisions with other vehicles

6 claims outstanding from 2022 - 3 claims are for reversing incidents, 2 claims for collisions & 1 claim is refuse vehicle caught fire

### **Property**

3 claims received in 2023 - 1 Break Ins, 1 Leasehold property flooded & 1 claims are where a third party vehicle drove into the front of the house.

1 claims outstanding for 2023 - 1 claims are where a third party vehicle drove into the front of the house.

3 claims outstanding from 2022 - 1 house fires, & 2 claims are where a third party vehicle drove into the front of the house.

### **Public Liability**

2 claims received in 2023 - 1 Tree Root Damage & 1 Damage to property by staff

1 claims outstanding for 2023 - 1 Tree Root Damage

3 claims outstanding from 2022 - 1 Tree Root Damage & 2 Personal Injury

The AD, Street Scene, advised that the following mitigations had been put in place with regard to vehicle reversing:

- Introduced refresher training
- Two drivers to become 'train the trainers'.
- The manufacturer of two new vehicles had delivered training.

## 1.8 **Review of Strategic Risk Register**

The Managing Director provided an update.

- STR1 – *National Funding, Priorities, Policy or Regulatory changes which affects the Council area and impacts upon the business of the Council negatively.* Updated.
- STR2 – *Failure to deliver a balanced budget.* Updated.
- STR5 – *Difficulty in recruiting to key posts or in replacing key staff who leave.* Updated. A solution had been found to resolve the difficulties recruiting to an EHO post. L Hickin to raise with SOD the difficulties recruiting to an IT post.
- STR12 – *Failure to address the impact of Covid-19 upon the organisation, local economy and community.* The RMG agreed that STR12 should be archived.
- STR13 – *Cyber security attack which severely impacts ICT systems and data e.g. ransomware attack rendering access to ICT unavailable for some time.* AD, ICT, to update. Consultant employed who recommended patching of devices. This was a massive piece of work. £75 received for remedial work. This would be used to provide additional resources.

ICT were working urgently to upgrade Office 2013 to Office 365 and updates would be installed as soon as possible.

Out of Hours cyber-attack alert – cost being considered. This issue had been raised with DLUC.

- L Hickin elections: change in administration
- STR20 – *Northwood JV – Construction partner collapse.* The Director or Growth and Assets advised that it was expected that this risk would be closed shortly. A proposed solution had been found to mitigate the financial risk and the risk of the development not being delivered.

- STR21. *Implementation of the Elections Act 2022*. Risk to either be downgraded to Operational or archived. Managing Director to discuss with the AD, Governance.
- STR22. New risk added '*Threat to recruitment and retention of senior officers*'. The Managing Director advised that fewer applications had been received for SMT roles and that head hunting was becoming more frequent. The RMG agreed to the addition of this risk.

## 1.9 **Review of Operational Risk Register**

The item was deferred since Rykneld Homes had been unable to attend the meeting.

The Director of Finance and Resources advised that she had seen the Rykneld Homes Risk Register which had been presented to the Rykneld Homes Board and there were no issues.

## 1.10 **Monitor the Implementation of the Anti-Fraud and Corruption Strategy**

The Director of Finance and Resources advised that the Anti-Fraud and Corruption Strategy had been updated in 2022 and was previously a separate strategy. However it was felt that this strategy should be part of the risk management strategy.

The Anti-Fraud and Corruption Strategy had been included in the Risk Management Action Plan and would be circulated to the RMG for consideration prior to the next RMG meeting.

## 1.11 **Health and Safety Update**

The Health & Safety Manager provided an update:

- Lone working devices. Corporate solution procured across both authorities. Devices recently received and recipients to receive training. Service managers to be involved and requested to encourage engagement with the training. Feedback to be requested after 3 and 6 months. Current contract secured through Environmental Health. If trial successful permanent funding would be requested.
- Health and Safety session to be delivered as part of member induction programme on 16 May. Key points of lone working and Mill Lane housekeeping e.g. incident reporting to be included. Revised Health and Safety guidance to be issued to members.

J Redfern provided feedback on a medical questionnaire that had been circulated to street scene staff for completion, some officers had been reluctant to provide the information and queried the reason for the request. B McArthur-Williams to raise with J Stokes and also address as part of training sessions.



M Broughton requested that counter terrorism was also included within the Health and Safety induction programme to members. M Broughton and B McArthur-Williams to discuss further.

#### 1.12 **Policies, Plans and Strategies Review – across the Council**

No policies, plans or strategies were raised.

#### 1.13 **Emergency Planning / Business Continuity Planning**

The Director of Growth and Assets provided an update:

- The Director of Growth and AD, Street Scene, Deputy EP and BCP Officers had attended MAGIC training on preparation, response and recovery. Presentation had also been made to SMT. Two issues were highlighted:
  - The importance of accurate training records and updates across the organisation.
  - Prevent and Protect. Counter terrorism training session for SMT arranged with Derbyshire Police. The police had visited leisure centres to assess risks. Only immediate action suggested was at Killamarsh Sports Centre with regard to the front doors. Along with updates to some procedures re suspect packages and bomb threats.

Important to raise awareness since there had been instances within the district of people attempting to make bombs at home and a neighbouring authority had received a suspect package.

The AD, Leisure, advised that the police had commented that they were struggling to engage with some authorities and that NEDDC were ahead of other authorities with regard to preparations.

#### 1.14 **Internal Audit**

The Internal Audit Manager advised the RMG that the 2022/23 internal audit programme had been completed and all conclusions were either 'substantial' or 'reasonable assurance'. This provides assurance on control and management of the authority. Internal Audit were now moving onto the 2023/24 work plan.

The Director of Finance and Resources advised that the Annual Governance Statement was being drafted.

#### 1.15 **Safeguarding Update – This update is provided outside of the RMG**

All Local Authorities have a responsibility to safeguard and promote the welfare of children and adults and NEDDC has in place both an Adult Safeguarding Policy and a Child Safeguarding Policy which are reviewed and updated every 3 years. These policies are aligned with both the Derbyshire and Derby Adult

Safeguarding Policy and the Derby and Derbyshire Safeguarding Children's Board Policy.

Where an authority does not have a statutory lead for adult and children care services, they must work in partnership with their upper tier authority to ensure adults and children are safeguarded against abuse. Derbyshire County Council (DCC) is the statutory lead for Derbyshire as they have responsibility for adult and children care services.

NEDDC lead on the following two Groups:

- Adult and Children Safeguarding Meetings (attended by representatives from Bolsover District Council and Rykneld Homes).
- Derbyshire Districts Safeguarding Leads Sub-Group (attended by safeguarding lead officers from all Derbyshire District and Borough Councils along with representatives from DCC Safeguarding Adults Board and Derby and Derbyshire Safeguarding Children's Partnership)

Both meetings are held on a quarterly basis.

Summary of Adult and Children Safeguarding Meeting held on 18 April 2023:

- **Training**

Training is organised individually by each organisation (NEDDC/BDC/RH) and delivered by safeguarding lead officers. Training sessions are held on a regular basis and basic safeguarding training is mandatory for all officers, with front line officers receiving more in-depth training.

- **Referrals** (1 April 22 to 31 March 23)

<u>NEDDC</u> Adult – 23 Children – 31	<u>Rykneld Homes</u> Adults - 21 Children - 7
	VARM Rykneld Homes – 10 cases

- **Temporary Accommodation**

- Currently there were a lot of pregnant tenants in the temporary accommodation, including x16 children between the ages of two days old to 18 years old. There are quite a few tenants with mental health and some hoarders but support has been given at the accommodation from social care and other agencies. Out of x21 units only x2 were currently empty.

- It was reported that there were unprecedented levels of safeguarding at the moment and this was impacting on staff. Consideration to be given to the way staff are supervised. Counselling is available however there are other types of supervision and as an organisation it's about the safety of our teams as well as our customers. This would be discussed further outside of the meeting.
- The Temporary Accommodation Forum was well attended
- The Group were advised of a recent safeguarding case where the customer threatened suicide and there were difficulties getting the Police to engage. Mental Health first aid training was very helpful in dealing with these cases. Although all ended well with this case, discussions would be held to identify what else could have been done and any additional training that is required.
- **Policies**

The Derbyshire District Councils Safeguarding Leads Sub Group (DDSLSG) had produced a generic policy for use across the county. This should be available soon.

- **Local Case Reviews**

The Group were advised of a mother and son who had both been sectioned, although the son was not on the safeguarding referral. This case has been ongoing for four years.

- **Serious Incidents/Learning Reviews**

- The Child Safeguarding Board had reported that since 2020 there had been x3 baby deaths and x38 fatalities.
- The Group were advised of a case where a family moved around the country and everywhere they lived they had a child protection in place then moved on, the family were now in Doncaster but DCC continued to pursue the case.

- **District Councils Safeguarding Leads Sub-Group**

- The DCC Strategic Lead for Keeping Babies Safe and Designated Nurse Safeguarding Children had attended the last meeting. Posters, leaflets and a toolkit would be circulated.

Summary of Derbyshire Districts Safeguarding Leads Sub-Group held on 27 April 23:

- **Sub-Group Workplan**

- Training, Learning and Development: Task and Finish Group set up to review current safeguarding training being delivered by Districts and Boroughs with a view to providing an adult safeguarding framework document containing recommended information and adult safeguarding case studies for inclusion. This would also be mirrored for children. All districts and boroughs were requested to consider seeking feedback on their safeguarding training six months after delivery to assess how it has impacted on the role of those who received the training. Target date to be amended to March 24.
- Communications: Head of DCC Community Safety to be requested to provide a six monthly update. This would be added to the Action Plan.
- Policy and Procedures: final version awaiting specific content relating to children.
- Covid19: Agreed to reword to 'General Resilience'.
- S11 Audit. Awaiting feedback.

- **Service Pressures and Staff Resilience**

- A discussion took place around the high levels of homelessness, ASB and neighbour nuisance and the impact on service and staff.

- **Update from Boards**

- Action Plan presented to Board Meeting. Joint board meeting to be trialled this year with Derby City SAB and will be evaluated in December.
- World Elder Abuse Awareness Day – 15.6.23 – Flyers to be circulated. A Webinar training session on predatory marriage to be arranged with x200 places.
- Decision Making Guidance to be relaunched.
- Recent audit on homelessness – details to be circulated.
- Learning LOOP from DSAB homelessness audit – details to be circulated
- Feedback from DSAB/DCC Safeguarding Adults Training Sessions. Three sessions had been held and positive feedback received. DCC to enquire whether further sessions/a webinar could be arranged.

## **2. Details of Proposal or Information**

- 2.1 To update Members of the Audit Committee of the current position regarding Risk Management arrangements and the Strategic Risk Register as at June 2023.

## **3 Reasons for Recommendation**

- 3.1 The Council have in place a robust Risk Management Strategy and action plan which enables the organisation to manage the many and varied risks

facing the Council. The approach to managing those risks is applied within decision making processes and is continuous with a structured review process overseen by the Risk Management Group.

- 3.2 The Risk Management Group is elected Member led and includes the Councils Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group provides a comprehensive oversight of risk throughout the organisation and is now becoming the conduit to and from the whole organisation in terms of risk management. The Risk Management Group is now able to provide risk management reporting to stakeholder groups across the Council and will support the production of the Annual Governance Statement.
- 3.3 The Risk Management Group have made significant progress in ensuring that risk is effectively managed within the organisation. By leading on the development and review of all risk related policies, plans and strategies across the Council, the Risk Management Group will provide consistency of approach and alignment of all service areas in relation to risk management. By overseeing and championing the implementation of the Risk Management Strategy and associated action plan including training 'relating to' and the 'embedding of' an effective risk management culture, the Risk Management Group will be pivotal in the organisations future success.

#### **4 Alternative Options and Reasons for Rejection**

- 4.1 Under relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to prepare a Strategic Risk Register as part of its risk management framework. This report is intended for Members and Officers to consider both the Strategic Risk Register, together with the Council's wider framework for managing risk and partnerships. Given the importance of these arrangements for the overall governance of the Council it is necessary to subject them to regular review. The alternative of not providing this is therefore rejected.

## DOCUMENT INFORMATION

Appendix No	Title
1	Strategic Risk Register as at June 2023
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	
Service Area Operational Risk Registers	



# STRATEGIC RISK REGISTER

**23 June 2023**

Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
<b>STR1</b> <b>National Funding, Priorities, Policy or Regulatory change which affects the Council area and impacts upon the business of the Council negatively.</b>			<ul style="list-style-type: none"> <li>Unable to deliver a package of services that both addresses changing national priorities whilst meeting changing local needs and aspirations.</li> <li>Increases costs or reduces resources available to the Council directly, or to its key partners.</li> <li>Reduced influence over delivery of local services.</li> <li>Unable to effectively support local communities.</li> <li>Increased demands on Council services at a time when Council resource base is reducing.</li> <li>Failure to deliver the Council Plan.</li> </ul>			<ul style="list-style-type: none"> <li>The Council is outward looking and actively works to secure details of proposed change identifying mitigation against associated risks, including working to identify new income streams.</li> <li>The Council has effective political and managerial arrangements in place to manage change.</li> <li>Appropriate levels of financial reserves / investment funding are maintained to fund strategic shifts in service delivery.</li> <li>The Council has in place a robust Risk Management Framework including Strategic and Service Area risk registers that help identify risks/threats/opportunities; mitigation; and potential further action.</li> <li>Effective engagement with staff to ensure they embrace necessary change.</li> </ul>			No specific identified further action however ongoing and regular monitoring and review as detailed in the mitigation section, including quarterly review by the Risk Management Group.	SMT / Political Leadership	On going	
STR1	Original Date: Sept 19	Review Date: April 23	<b>Inherent Risk Score</b> (Likelihood x Impact)	4x4	<b>16</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	3x4	<b>12</b>				
<b>STR2</b> <b>Failure to deliver a balanced budget.</b>			<ul style="list-style-type: none"> <li>Impact upon ability to deliver current level of services.</li> <li>Significant adverse reputational impact.</li> <li>Unexpected external factors creating unforeseen financial pressures</li> <li>A one year financial settlement and continued uncertainty over the future of the national settlement presents challenges for medium term financial planning</li> <li>Failure to deliver the Council Plan.</li> </ul>			<ul style="list-style-type: none"> <li>The Council has effective financial management in place to ensure budget arrangements are robust.</li> <li>The Council has appropriate managerial arrangements and culture in place to manage any necessary change.</li> <li>The Council has sufficient reserves in place to cushion against unforeseen external factors creating financial pressures in the short term.</li> <li>The Council has effective financial resilience monitoring in place that reflects the requirement of the CIPFA Financial Management Code</li> <li>The Council follows the CIPFA code of accounting practice and all International</li> </ul>			<p>Financial resilience metrics will continue to be produced and monitored by the S151 Officer and reported to Audit Committee</p> <p>Future financial challenges will be considered as an inclusive part of the Council Plan review due to take place in 2023. Work streams will be established to focus on:</p> <ul style="list-style-type: none"> <li>Asset rationalisation</li> <li>Services reviews</li> <li>Establishment reviews</li> <li>Workforce planning</li> </ul>	Political Leadership / S151 Officer/ SMT	On going	



Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
						Financial Reporting Standards when producing their statutory accounts <ul style="list-style-type: none"> <li>The budget is subject to scrutiny by Council, Cabinet, Audit and Corporate Governance Scrutiny Committee, SMT and the auditors (Internal and External).</li> <li>The external auditor reports on the robustness of the Council's finances and arrangements for Value for Money in its annual report</li> <li>The Council commissions external advice for highly specialist areas including treasury management</li> <li>The Annual Governance statement reports on risk areas to the Council including financial risk. This is scrutinised by the Audit and Corporate Governance Committee and the External Auditor</li> </ul>			<ul style="list-style-type: none"> <li>Identification of ongoing service savings</li> </ul>			
STR2	Original Date: 16/11/20	Review Date: April 23	<b>Inherent Risk Score</b> (Likelihood x Impact)	4x4	<b>16</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	3x4	<b>12</b>				
<b>STR3</b> <b>The Council is affected by an operational service failure which has a major impact upon the Council as a whole or significant impact upon the local community.</b>			<ul style="list-style-type: none"> <li>A significant service failure associated with a major impact on the local community.</li> <li>Deterioration in services to the public, potentially a major impact upon a local resident or a group of local residents.</li> <li>Significant staff and financial resources required to resolve position, impacting on other services.</li> <li>A major service has its operating capacity significantly impacted and is required to introduce major reform in its approach to service delivery.</li> <li>Severe reputational damage</li> </ul>			<ul style="list-style-type: none"> <li>The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed.</li> <li>The Council has a Performance Management Framework in place to help ensure that services are delivered in line with good practice and industry standards. Ongoing monitoring and regular reporting helps ensure that any emerging issues re service performance are effectively identified and resolved at the earliest possible opportunity.</li> <li>The Council has in place a robust Risk Management Framework including Strategic and Service Area risk registers that help identify;</li> </ul>			No specific identified further action however ongoing and regular monitoring and review as detailed in the mitigation section, including quarterly review by the Risk Management Group.	SMT	On going	

Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
						risks/threats/opportunities; mitigation; and potential further action. • Strategic and Operational risks are reviewed constantly and consideration given with regard to an escalation of the risk to become a strategic risk.						
STR3	Original Date: Sept 19	Reviewed Dec 22	<b>Inherent Risk Score</b> (Likelihood x Impact)	3x5	<b>15</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	2x5	<b>10</b>				
<b>STR4</b> <b>Emergency Planning and Business Continuity arrangements fail to meet required standards</b>  <b>See STR 13 for Cyber security specific risk</b>			<ul style="list-style-type: none"> <li>Inability of Council to provide services as a consequence of a severe catastrophic external event (e.g. flooding, major terrorist incident, pandemic, fire, loss of ICT systems).</li> <li>Failure of IT infrastructure, leading to inability to effectively operate services and to safeguard income streams.</li> <li>Business Continuity Plans prove ineffective in practice.</li> <li>Reputational damage.</li> </ul>			<ul style="list-style-type: none"> <li>The Council works in partnership with a range of partners on its Emergency Planning and Business Continuity arrangements to ensure that we operate in line with best practice. There is an annual 'desktop' scenario to test officers understanding of the arrangements and validate that they are fit for purpose in a realistic 'test' scenario.</li> <li>All services have Business Continuity plans in place which identify key risks and mitigation. Corporate IT systems have been tested against Industry standards for Business Continuity.</li> <li>The Council works in partnership with a range of other agencies that should be able to provide support in the event of the Council's own procedures and resources failing to be effective.</li> <li>The Council has in place, and continues to develop, industry standard measures to minimise business interruption.</li> <li>Business Continuity exercise has now been delivered during early 2022 focussed upon the loss of access to digital data/systems. An action plan has been developed based upon the learning and findings from the event.</li> <li>A Business Continuity Exercise has been undertaken during November 2022 with</li> </ul>			Business Continuity exercise Complete Power Outage - An action plan is currently in development based upon the learning and findings from the event.  Work is underway with LRF partners across Derbyshire to strengthen the LRF, meeting the newly published LRF Standards. This is alongside transitioning to a Local Resilience Partnership, supported by a small team, upskilling partner organisations and ensuring better community involvement in the development of plans.  Working with Counter Terrorism Police, NEDDC are accessing training materials and direct support to assist in preparation for the Protect Duty referred to as Martin's Law.	SMT		

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Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
						In essence a talent pipeline is a multi-stream mechanism within which a cohort of candidates are engaged, supported and developed with the intention of filling future roles that might open up within the organisation						
STR5	Original Date: Sept 19	Reviewed April 23	<b>Inherent Risk Score</b> (Likelihood x Impact)	4x4	<b>16</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	3x4	12				
<b>STR6</b> <b>Delivery of major initiatives and key projects against a backdrop of challenging financial targets and maintaining service quality.</b>			<ul style="list-style-type: none"> <li>New initiatives are not delivered in a cost-effective manner.</li> <li>Failure to maintain / improve services in line with local aspirations.</li> <li>Failure to generate the savings required to balance the budget.</li> <li>Financial savings measures weaken Governance / Internal Control arrangements.</li> <li>Service deterioration / failure arising from capacity issues.</li> <li>Over-stretched organisational capacity.</li> <li>Failure to deliver the Council Plan.</li> </ul>			<ul style="list-style-type: none"> <li>The Council has effective prioritisation and project management arrangements in place to ensure resources are directed at key objectives.</li> <li>The Council has made efforts to ensure effective use of employees by utilising shared services to protect service resilience, by maintaining appropriate training arrangements and by investing in transformational service delivery projects.</li> <li>The Council has a robust performance management framework that is intended to highlight emerging issues.</li> <li>At the meeting in October 2021, Council recognised that the senior management structure was no longer fit for purpose. A re-structure of SMT was approved and implemented.</li> <li>The Council has in place a mechanism/team/group to ensure extensive senior management oversight of key projects which includes; MD; Directors; Statutory Officers who meet weekly with the aim of 'spreading the load' as it were amongst the Council as a whole.</li> <li>The culture we are very much driving through this group, and through SMT and the Council as a whole, is one of <b>NO SILO's</b> and that we are <b>ONE TEAM</b></li> </ul>			None at this stage.	SMT	On going	

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Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
						<ul style="list-style-type: none"> <li>A recent interim structure change has taken place to deal with the departure of the former Director of Growth – this interim structure has worked well.</li> <li>A permanent SMT structure was presented to Council in October 2022 with all appointments now in place with the exception of one new post – interviews being held Dec 19<sup>th</sup> 2022.</li> </ul>						
STR6	Original Date: Sept 19	Reviewed Dec 22	<b>Inherent Risk Score</b> (Likelihood x Impact)	3x4	<b>12</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	2x4	<b>8</b>				
<b>STR7</b> <b>Ineffective engagement with local communities and stakeholders including Parish Councils and other local partners.</b>			<ul style="list-style-type: none"> <li>Failure to provide effective community leadership.</li> <li>Loss of trust in the Council</li> <li>Inability to deliver good quality cost effective services targeted at local needs.</li> <li>Poor outcomes for local residents, due to failure to engage other agencies.</li> </ul>			<ul style="list-style-type: none"> <li>The Council has in place a range of mechanisms designed to secure feedback from local residents including the Performance Framework, a range of consultation events and the role of Elected Members as local champions.</li> <li>The Council has in place a Parish Council liaison group which meets regularly.</li> <li>The Leader's regular update is sent to all Parish Councils.</li> <li>The Council has an active Programmes Team and senior Members / Officers actively engage with other organisations serving the area.</li> <li>The Council's management structures are aligned to our key partnership arrangements.</li> <li>Opportunities and events allow residents to engage with senior officers and members.</li> <li>Review of events completed on 02.12.21 with improvements on engagement and staff resource.</li> <li>Meet the Council events held at Clay Cross and Eckington and Shirland.</li> <li>Stakeholder and/or community consultation and engagement built into</li> </ul>			Business engagement mechanisms being developed by Economic Development Team.  Communications Team increasing the opportunities for responses to social media output.	SMT / Political Leadership		

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Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
						major projects and developments such as UKSPF and Clay Cross Town Deal. • Regular representative engagement through Citizen's Panel.						
STR7	Original Date: Sept 19	Review Date: Jan 23	<b>Inherent Risk Score</b> (Likelihood x Impact)	3x4	<b>12</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	2x3	<b>6</b>				
<b>STR8</b> <b>Ineffective 'Good Governance' arrangements including; Performance, Finance and Risk Management.</b>			<ul style="list-style-type: none"> <li>Adverse Impact upon Service Quality.</li> <li>Failure to deliver high quality services which address national and local priorities.</li> <li>Significant adverse reputational impact.</li> <li>Risk of legal challenge being successful where suitable arrangements are not in place.</li> </ul>			<ul style="list-style-type: none"> <li>The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed.</li> <li>The Council has active Standards and Audit Committees which provide independent review of the Governance arrangements in the Council.</li> <li>The Council has a robust performance management framework that is intended to highlight emerging issues.</li> <li>The Council has in place a robust Risk Management Framework including Strategic and Service Area risk registers that help identify; risks/threats/opportunities; mitigation; and potential further action – these are monitored closely and reported widely throughout the organisation including but not limited to; Risk Management Group; Audit and Corporate Governance Scrutiny committee; Cabinet; and Council.</li> <li>The Annual Governance Report sets out an evidence based structured assessment of the operation of the Council's governance arrangements. This report is externally assessed.</li> <li>New senior management structure reinforces the protection measures in place for the Council.</li> </ul>			No specific identified further action however ongoing and regular monitoring and review as detailed in the mitigation section, including quarterly review by the Risk Management Group.	S151 Officer / Monitoring Officer / SMT	On going	

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Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
STR8	Original Date: Sept 19	Reviewed Dec 22	<b>Inherent Risk Score</b> (Likelihood x Impact)	3x4	<b>12</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	2x4	<b>8</b>				
<b>STR9</b> <b>Staff morale / sickness levels adversely affected as a result of the pace of change, tightening financial circumstances or external circumstances.</b>			<ul style="list-style-type: none"> <li>Deterioration in services to the public and loss of productivity.</li> <li>Loss of key staff / increased sickness levels.</li> <li>Increased pressure on other members of staff.</li> <li>Loss of 'goodwill.'</li> </ul>			<ul style="list-style-type: none"> <li>The Council operates in line HR 'best practice' to help ensure current staff are well managed and motivated.</li> <li>The Council have a range of communication mechanisms in place to ensure staff engagement with the Council's agenda.</li> <li>The Council has reduced its emphasis of securing savings through vacancy management.</li> <li>Whilst the Council cannot control external circumstances it works intensively with the workforce to mitigate the impact of these upon individual employees – for example throughout the pandemic.</li> <li>Both Senior Management and Leadership Team are actively building a 'ONE TEAM' ethos which is built 'top down' and 'bottom up' with the aim of getting everyone 'buying in', feeling that they are part of the solution and that everyone has the opportunity to influence our success and shape our future.</li> <li>SMT and Cabinet – away-days (blue sky thinking) – business and strategy planning – took place on 1<sup>st</sup> April 2022, a follow-up on 6<sup>th</sup> September 2022</li> </ul>			Other activities either ongoing or being planned for the next 12 months and beyond include; <ul style="list-style-type: none"> <li>'Back to the Floor' sessions – Leadership, MD &amp; Directors across the Council – take part, observe <b>and listen</b></li> <li>MD to work out of various locations each week – Depot, Leisure Centres – being visible, observing <b>and listening</b></li> <li>SMT and Cabinet – away-days (blue sky thinking) – business and strategy planning</li> <li>Employee survey due to obtain current staff perceptions</li> <li>Refreshing appropriate policies and training delivered to ensure managers have basic leadership skills</li> </ul>	SMT	On going	
STR9	Original Date: Sept 19	Reviewed Dec 22	<b>Inherent Risk Score</b> (Likelihood x Impact)	3x4	<b>12</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	3x3	<b>9</b>				

Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
<b>STR10</b> <b>Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.</b>			<ul style="list-style-type: none"> <li>Profile of safeguarding is poor.</li> <li>Staff and members do not know what safeguarding is and their role within it.</li> <li>Staff and members do not know how to spot the signs.</li> <li>Staff and members do not know how to report it and to who?</li> <li>Lack of public confidence in Council policies plans and staff.</li> <li>Reputational damage.</li> <li>Potential significant harm to individuals resulting from abuse and neglect of Children and/or Vulnerable Adults possibly leading to personal harm, injury and death.</li> </ul>			<ul style="list-style-type: none"> <li>The Council has in place up to date policies for safeguarding both Children and Adults at Risk. These policies are aligned to DCC policies which in turn are in line with legislation, regulation and statutory duties placed on Local Authorities.</li> <li>The Council has in place and maintain systems of working practice to safeguard children and adults at risk during or aligned to Council activities and those who receive Council services.</li> <li>Staff recognised as appropriate to do, are DBS checked</li> <li>All staff receive mandatory safeguarding training</li> <li>Safeguarding is widely promoted and embedded throughout the organisation with all staff being issued with a wallet sized 'safeguarding quick reference guide' which details what to look out for and what to do</li> <li>The Council has an internal safeguarding group which meets quarterly which has representation from all service areas of the Council.</li> <li>The Council host and Chair the Countywide Derbyshire Safeguarding Leads Sub Group</li> <li>The Council are represented on both the Derby and Derbyshire Safeguarding Children's Partnership (DDSCP) and the Derbyshire Safeguarding Adults Board (DSAB)</li> </ul>			Regular and ongoing internal audit to assure compliance – every two years.	SMT / Political Leadership	On going	
STR10	Original Date: 16/11/20	Reviewed Dec 22	<b>Inherent Risk Score</b> (Likelihood x Impact)	5x4	<b>20</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	4x3	<b>12</b>				



Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
<b>STR13</b> <b>Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time.</b>			<ul style="list-style-type: none"> <li>Inability of Council to provide services as a consequence of a severe catastrophic event which renders access to ICT unavailable such as Ransomware attack.</li> <li>Potential ICO Fines and reputational damage.</li> <li>Adverse Impact upon Service Quality and income streams.</li> <li>Failure to deliver high quality services which address national and local priorities.</li> <li>Potential ICO fines for loss of data</li> <li>Significant adverse reputational impact.</li> <li>Significant cost to Council.</li> </ul>			<ul style="list-style-type: none"> <li>See Operational level activities risk reference ICT1</li> <li>The Council works in partnership with a range of partners on its Emergency Planning arrangements to ensure that we operate in line with best practice.</li> <li>All sections have Business Continuity plans in place which identify key risks and mitigation.</li> <li>Corporate IT systems have been tested against Industry standards for Business Continuity.</li> <li>Awareness raising sessions taken place with SMT, Cabinet and other relevant committees.</li> <li>Review response to Cleveland and Redcar case study and report to Cabinet was taken in March 2022.</li> <li>Business Continuity exercise has been delivered focussed upon the loss of access to digital data/systems.</li> <li>Emergency planning to run Cyber security training events.</li> <li>Improved awareness sessions delivered to Service Managers.</li> <li>Service Managers reviewed business continuity plans specifically relating to cyber-attack.</li> <li>Cabinet paper outlining the response to the Cleveland and Redcar case study and recommendations produced</li> <li>PSN (public Services Network) compliance review undertaken June 22.</li> </ul>			Ongoing work to ensure continued security and compliance.	SMT / Political Leadership	Ongoing	
STR13	Original Date: 08/02/21	Review Date: Dec 22	<b>Inherent Risk Score</b> (Likelihood x Impact)	4x5	<b>20</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	4x4	<b>16</b>				
Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned / When By Date	Responsible Officer/s	Target Date	RAG

Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
STR15 Climate Change – meeting the challenge and impact upon the organisation in its environment			<ul style="list-style-type: none"> <li>Meeting potential changes around government policy and targets.</li> <li>Financial pressures of changes required including buildings, fleet, land, utilities etc.</li> <li>Capacity to deliver change – both Human and Financial.</li> <li>Impact upon operations and carbon neutrality targets.</li> <li>Visibility of activity/actions by the Council in this regard.</li> <li>Community Leadership challenge – engagement and education – reputational damage if not seen to be leading by example.</li> </ul> Reputational damage if own targets not met.			<ul style="list-style-type: none"> <li>Council declared a Climate Emergency 2019.</li> <li>Council Climate Change Strategy 2022-2030 approved December 2022.</li> <li>Key targets for the organisation set to achieve net zero by 2030.</li> <li>Climate Change Group established to track progress and influence change</li> <li>NEDDC leading (chair) the County-wide Climate Change Group.</li> <li>Regular reporting of progress to internal Member/Officer Group.</li> <li>Extensive External Wall Insulation programme undertaken and continuing in regard to Hard to Treat Council housing stock.</li> <li>Asset Carbon Survey undertaken to establish opportunities and threats in relation to building stock.</li> <li>Accommodation review underway to explore possibility of co-location amongst other things.</li> <li>Linking with Cost of Living activity due to mutual outcome synergies.</li> </ul>			<ul style="list-style-type: none"> <li>Council Climate Change Strategy 2022-2030 Action Plan being finalised; will be regularly monitored following the recruitment of staff.</li> <li>Take advantage of further funding opportunities as they arrive.</li> <li>Deliver on the Asset Carbon Survey findings.</li> <li>Deliver on Accommodation Review findings.</li> <li>Working with partner councils to develop a joint decarbonisation approach for local businesses.</li> <li>Developing climate change priorities for UKSPF themes such as Shop Front Improvement Scheme and Village Hall and Community Venues.</li> <li>Planned recruitment of Outreach Workers to support residents achieve energy efficient properties.</li> </ul>	SMT / Political Leadership		
STR15	Original Date: 07/06/22	Review Date: Jan 23	Inherent Risk Score (Likelihood x Impact)	3x4	12	Residual Risk Score (Likelihood x Impact)	3x3	9				

Area Of Risk (Reference / Date)	Threats / Opportunities	Mitigation / Controls In Place / Actions Undertaken	Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
<b>STR16</b> <b>Utilities, fuel and general Cost of Living rises</b>	<ul style="list-style-type: none"> <li>A disruption to supply chains and lack of raw materials increases the potential to delay or increase the cost of capital projects</li> <li>Financial pressure upon delivery of day-to-day operations i.e. heating buildings, energy, fuel for fleet etc.</li> <li>This combination also impacts upon wider communities, household budgets and the financial security of our residents increasing the cost of everyday items including food and the cost of living generally</li> <li>These impacts upon the wider community, in-turn have a significant potential to impact further upon Council services through rent arrears from housing and business tenants, increased demand for welfare support and homelessness services amongst many other things</li> </ul>	<ul style="list-style-type: none"> <li>Internal energy audit across assets (inc depot, leisure centres, business units)</li> <li>Establishing internal Energy Champions</li> <li>Reviewing NEDDC website and links. To include a banner on every page which hyperlinks to a 'Cost of Living Crisis' section on the website</li> <li>Attendance at Internal Financial Inclusion officer group</li> <li>Consideration of what are current short-/medium-/long-term priorities for staff (to assess if resources need to be reprioritised)</li> <li>emphasising the support to communities already out there – council tax support, housing benefit/UC, discretionary housing payments etc</li> <li>Growth Hub Advisor currently within EDU, investigating the potential of upskilling the Advisor and/or establishing support channels for them to signpost to</li> <li>Advice agencies approached on 24.08.22 to discover what they are doing to address the 'Cost of Living Crisis'</li> <li>Meeting with NED/Bolsover/Chesterfield/DCC Financial Inclusion Group on 06.09.22 to identify current support offer and consider new opportunities for support through the UKSPF Inclusive Communities Theme</li> <li>Cross Party group VIPER established to support collaborative approach to tackling this issue</li> <li>The NEWS – have a strong focus on the 'Cost of Living Crisis' for the November edition with dedicated pages and focus on the cover. To include specific help, advice and</li> </ul>	<ul style="list-style-type: none"> <li>Continue to access and publicise grant opportunities (e.g. LAD funding for EWI works)</li> <li>Extension of Growth Hub Work via UKSPF to include energy efficiency advice</li> <li>Potential unallocated funding from UKSPF business Advice and Guidance theme (£tbc) that could be spent on additional business energy efficiency advice</li> <li>Potential to include windows replacement and other appropriate energy efficiency measures as part of UKSPF Brighter Business theme</li> <li>Develop a business-focused energy efficiency pack to educate SME businesses (based on Parish Climate Pack approach)</li> </ul>	SMT / Political Leadership		

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Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
						signposting, including useful 'top tips' (pitched correctly) <ul style="list-style-type: none"> <li>Greater focus on Cost of Living Crisis and energy efficiency as part of the UKSPF Inclusive Communities Theme [see Partners], such a potential for commissioning third-sector led 'Community Energy Champion' programme</li> <li>Develop multi-channel communication approaches to sharing awareness of support, advice and guidance (i.e. social media, website, The NEWS)</li> <li>Identify if there is potential for extending (short-medium-term) provision of Home Assistance Co-ordinator role</li> </ul>						
STR16	Original Date: 07/06/22	Review Date: Dec 22	<b>Inherent Risk Score</b> (Likelihood x Impact)	5 x 4	<b>20</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	4 x 3	<b>12</b>				
<b>STR17</b> <b>Asylum Dispersal Area status – no longer voluntary for LA's to decide</b>			<ul style="list-style-type: none"> <li>Community cohesion / tensions</li> <li>Loss of private sector housing via Serco procurement</li> <li>Increased demand / costs re: local / council services</li> </ul>			<ul style="list-style-type: none"> <li>Close liaison with county council via the resettlement, cohesion and integration board</li> <li>Joined up approach to hot mapping of potential property procurement by using local intelligence via Police, Fire, Schools and council depts., including RHL</li> </ul>			<ul style="list-style-type: none"> <li>Staff training</li> <li>Sourcing of translation / interpretation services</li> </ul>		SMT / Political Leadership	Choose an item.
STR17	Original Date: 07/06/22	Review Date: 17/01/23	<b>Inherent Risk Score</b> (Likelihood x Impact)			<b>Residual Risk Score</b> (Likelihood x Impact)						

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Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
STR18 Devolution and County Deals			<ul style="list-style-type: none"><li>Failure to keep elected members fully informed of the proposals</li><li>Failure to keep the general public and other stakeholders fully informed of the proposals</li><li>Failure to effectively communicate the process and timescales for consultation</li><li>All leading to uninformed decision making by the four upper tier authorities</li></ul>			<ul style="list-style-type: none"><li>Regular and consistent senior District Council involvement in meetings with the four upper tier authorities throughout</li><li>Regular and consistent updates provided to elected Members and Officers of the Council throughout including; Council, Cabinet, VIPER (cross party group) SMT, staff briefings, Leaders updates and intranet</li><li>Effective and widespread communication of the proposals and consultation details within the organisation and community via social media, website and printed media</li><li>Response from the Council to the consultation process</li></ul>				SMT / Political Leadership	Jan 23	
STR18	Original Date: 21/01/22	Review Date:  Dec 22	Inherent Risk Score (Likelihood x Impact)	3x4	12	Residual Risk Score (Likelihood x Impact)	2x4	8				
STR19 Refusals of planning consent being issued based on non-evidenced decisions			<ul style="list-style-type: none"><li>Potential for reputational and financial loss.</li></ul>			<ul style="list-style-type: none"><li>Training undertaken with members during 2020/21 and non-attendance identified</li><li>Training put in place for Officers and Members for 2022/23</li><li>Officer advice provided at Committee.</li></ul>			Further Training Sessions	Richard Purcell	May/June 23	
STR19	Original Date: 1.1. 2022	Review Date Dec 22	Inherent Risk Score (Likelihood x Impact)	5 x 5	25	Residual Risk Score (Likelihood x Impact)	3 x 3	9				

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Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
<b>STR20</b> <b>NW1 (operational register ref)</b> <b>North wood JV – Construction partner collapse</b>			<ul style="list-style-type: none"> <li>Financial contribution risk – asset/land and loan</li> <li>Site security and insurance</li> <li>Reputational risk of non-delivery – Council seen to spend public money and not deliver objectives</li> <li>Stalled delivery, dispute resolution causing delays</li> <li>Private sector not attracted to the site opportunities – a new contractor cannot be found to deliver in line with business plan objectives</li> <li>Delays in finding a new contractor enhances the risk of cost inflation for construction and skills and increases potential for market value fluctuation</li> <li>Reducing viability of the scheme</li> </ul>			<ul style="list-style-type: none"> <li>Contract/agreement in place that ensures the asset is returned to the Council in the event of JV failure</li> <li>Notice served on Woodheads for breach of contract (This may be useful when administrators are appointed)</li> <li>Woodheads confirmed that the site remains insured under the group policy until October 2022</li> <li>Contract restricted to phase A and B – not the whole site</li> <li>We have engaged Freeths (external legal support/advice) for both security of the loan/land and options available to the Council in terms of JV</li> <li>We have approached Savills (external commercial support/advice) we currently await a response including fee proposal should we choose to engage.</li> <li>QS firm engaged to undertake site valuation at point of liquidation</li> <li>Further discussions ongoing with sector experts including actions to consider/work through in such situations</li> <li>NEDDC Officers have secured the site changing locks and including provision of onsite security in the short term</li> <li>Contact made with most subcontractors to arrange access for tools and plant.</li> <li>Holding discussions held with site sub-contractors</li> </ul>			<p>The Council are now in receipt of advice to support both Council decision making and Northwood.</p> <p>Works continue on site to mitigate localised flooding and ensure site security is maintained. Pre-construction works commissioned to progress the completion of the drainage system, section agreements and novation of utility contracts.</p> <p>In addition, market testing of the site is underway to explore interest in the site to inform decision making further.</p>	SMT / Political Leadership		
<b>STR20</b>	Original Date: 14.9.22	Review Date: 17/01/23	<b>Inherent Risk Score</b> (Likelihood x Impact)		<b>16</b>	<b>Residual Risk Score</b> (Likelihood x Impact)		<b>15</b>				

Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
<b>STR21</b> <b>Implementation of the Elections Act 2022</b>  <b>Implementation of the Elections Act 2022</b>  Key policy details were not confirmed and secondary legislation not published in a timely way. This means that everything is being done at the last minute. This may lead to the Returning Officer being unable to implement the Elections Act 2022 requirements adequately in May 2023. This could result in Voter ID not being successfully introduced and confusion. Some voters may be dis-enfranchised leading to a lack of confidence in election results.			<ul style="list-style-type: none"> <li>Any elections taking place might be undermined.</li> <li>The democratic legitimacy of the Council might be undermined hindering its ability to fulfil its role.</li> <li>The Returning Officer may struggle to deliver the elections they have personal responsibility for.</li> <li>The risk of challenge by petition after the election will be higher.</li> <li>Without more information the necessary systems, including software, cannot be implemented and training cannot be provided.</li> <li>Certain groups are more likely to be disadvantaged than others, resulting in increased inequalities.</li> <li>Polling Station staff will have greater responsibilities, including challenging voters about their ID. This may result in recruitment issues for polling station staff.</li> <li>Not all polling stations are suitable because they will require privacy areas. There may be insufficient polling stations across the District.</li> </ul>			<ul style="list-style-type: none"> <li>There will be extra money from the Government for implementation, but this will not be ring fenced and will only cover costs associated with Voter ID not additional election costs.</li> <li>The <b>One Team</b> approach needs to be taken in order that officers can provide essential necessary support – for example equalities advice, ICT help, Communications, Facilities etc.</li> <li>The Electoral Commission will undertake much of the Voter ID advertising campaign and making electors aware of the new requirements, but the Returning Officer needs to consider the demographics and harder to reach parts of the electorate and the support that they will require.</li> <li>There will be a review of polling stations to see which ones are suitable and unsuitable. Additional equipment will be purchased to ensure that requirements are met.</li> <li>Job roles for election staff will be reviewed to provide clarification on what is required and the staff payments will need to take in to account the increased level of responsibility.</li> </ul>			Currently being developed – risk rating to be determined!	Electoral Registration Officer /  Returning Officer		
STR21	Original Date: 26/09/22	Review date: 17/01/23	Inherent Risk Score (Likelihood x Impact)	3x5	15	Residual Risk Score (Likelihood x Impact)						
<b>STR22</b> <b>Threat to recruitment and retention of senior officers.</b>			<ul style="list-style-type: none"> <li>Following production of the Pay Policy Statement for 2023/24 the organisation is aware that its senior management pay is considerably lower than most of those in Derbyshire.</li> </ul>			<ul style="list-style-type: none"> <li>The benefits of working for NEDDC are wider than salary alone. There are a range of benefits including the Councils Agile Working Policy that offers recruitment advantage and these are providing some mitigation.</li> </ul>			<ul style="list-style-type: none"> <li>External review and assessment of SMT structure and salaries against market conditions followed by a more in-depth risk review of the situation. This will inform future</li> </ul>	SMT	Summer 2023	Amber

Area Of Risk (Reference / Date)			Threats / Opportunities			Mitigation / Controls In Place / Actions Undertaken			Potential Further Action / Action Planned	Responsible Officer/s	Target Date	RAG
			<ul style="list-style-type: none"> <li>The pay gap between lowest paid and highest paid is also closing with recent LA pay rises very much favouring the lower end of the pay scales with pay compression becoming evident.</li> <li>Over recent months - we are experiencing fewer applicants for SMT roles and vacancies.</li> <li>With each national % pay increase for LA senior roles – the monetary gap between NEDDC senior roles and those in other similar LA organisations increases.</li> <li>Now more than ever before senior officers are placed under exceptional challenge to deliver solutions and strategies to safeguard service provision.</li> <li>Without the appropriate, level of pay we may see talent and experience either not be attracted in the first instance or move away from the public sector at this level.</li> <li>At NEDDC the situation is potentially compounded by the apparent lower than average pay of its senior roles when compared to its near neighbours.</li> </ul>			<ul style="list-style-type: none"> <li>At NEDDC there is also a great culture. Both Senior Management and Leadership Team are actively building a 'ONE TEAM' ethos which is built 'top down' and 'bottom up' with the aim of getting everyone 'buying in', feeling that they are part of the solution and that everyone has the opportunity to influence our success and shape our future.</li> <li>The Council is ensuring that the culture and benefits for working for North East Derbyshire DC are 'front and centre' in all recruitment packages.</li> <li>A 'Talent Pipeline' strategy has also recently been produced and adopted by the Council. It is very much anchored to our 'continued employee growth' and 'grow your own' corporate mind-set. In essence the talent pipeline is a multi-stream mechanism within which a cohort of candidates are engaged, supported and developed with the intention of filling future roles that might open up within the organisation – such a strategy does engender a n increased level of loyalty along with the positive culture described above.</li> </ul>			action (or not) in a risk based and risk appetite context.			
STR22	Original Date: April 2023	Reviewed :	<b>Inherent Risk Score</b> (Likelihood x Impact)	5x4	<b>20</b>	<b>Residual Risk Score</b> (Likelihood x Impact)	4x4	16				



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# Audit Strategy Memorandum

North-East Derbyshire District Council

Year ending 31 March 2023



# Contents

- 01 Engagement and responsibilities summary
- 02 Your audit engagement team
- 03 Audit scope, approach and timeline
- 04 Significant risks and other key judgement areas
- 05 Value for money
- 06 Fees for audit and other services
- 07 Our commitment to independence
- 08 Materiality and misstatements
  
- A Appendix A – Key communication points
- Appendix B – Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

This document is to be regarded as confidential to North East Derbyshire District Council. It has been prepared for the sole use of Audit & Corporate Overview Scrutiny Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.



Audit & Corporate Overview Scrutiny Committee

North East Derbyshire District Council  
2013 Mill lane  
Wingerworth  
Chesterfield  
S42 6NG

3 July 2023

Dear Committee Members

Mazars LLP  
The Corner  
Newcastle  
NE1 1DF

Audit Strategy Memorandum – Year ending 31 March 2023


We are pleased to present our Audit Strategy Memorandum for North East Derbyshire District Council for the year ending 31 March 2023. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing North East Derbyshire District Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit and explains the implications of the introduction of the new auditing standard for Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019).

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on [james.collins@mazars.co.uk](mailto:james.collins@mazars.co.uk).

Yours faithfully

Signed:   
[James Collins \(Jun 23, 2023 10:22 GMT+1\)](#)

James Collins

Mazars LLP  
Mazars LLP – The Corner, Newcaslte NE1 1DF  
Tel: +44 (0) 191 383 6300 – [www.mazars.co.uk](http://www.mazars.co.uk)

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# 01

Section 01:

## **Engagement and responsibilities summary**

# 1. Engagement and responsibilities summary

## Overview of engagement

We are appointed to perform the external audit of North East Derbyshire District Council for the year to 31 March 2023. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

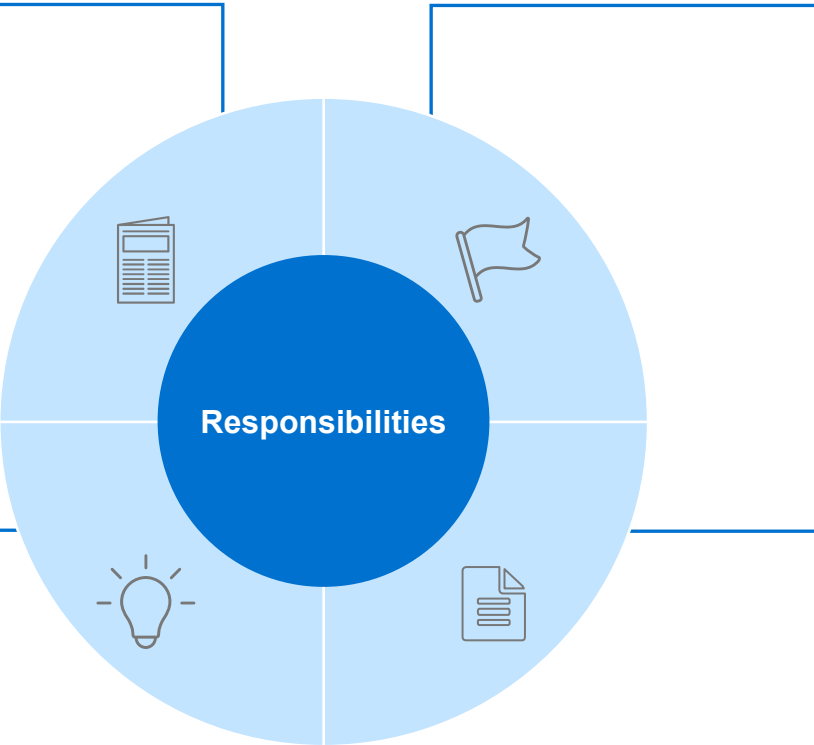
### Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or Audit & Corporate Overview Scrutiny Committee, as those charged with governance, of their responsibilities.

The section 151 officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding and conclude on: a) whether a material uncertainty related to going concern exists; and b) consider the appropriateness of the section 151 officer's use of the going concern basis of accounting in the preparation of the financial statements.

### Value for money

We are also responsible for forming a commentary on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



### Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and Internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

### Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom

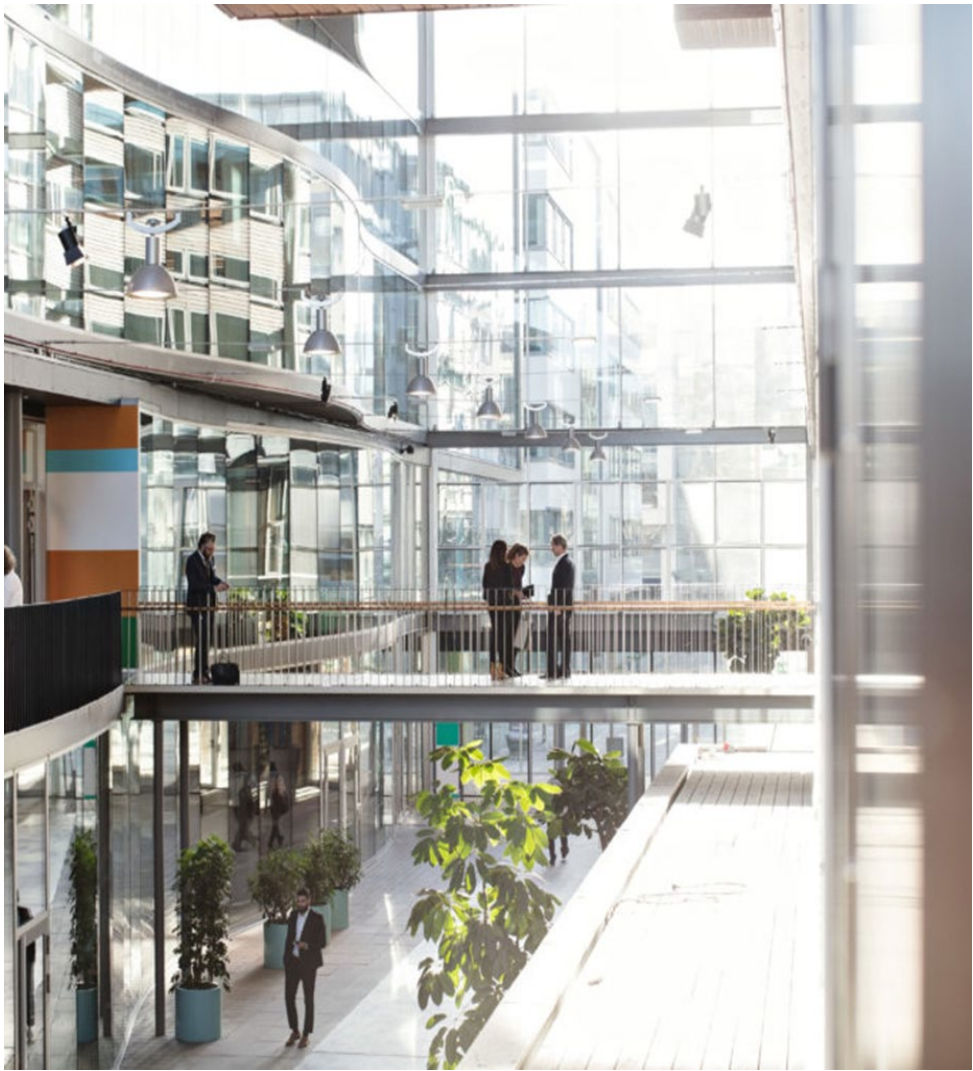
# 02

Section 02:

**Your audit engagement team**

## 2. Your audit engagement team

Individual	Role	Contact details
James Collins	Engagement Lead	<a href="mailto:James.collins@mazars.co.uk">James.collins@mazars.co.uk</a> +44 (0)7881 283 527
Nomfundo Magwaza	Audit Manager	<a href="mailto:Nomfundo.Magwaza@mazars.co.uk">Nomfundo.Magwaza@mazars.co.uk</a> +44 (0)7790 886 841
Reena Tanna	Audit Assistant Manager	<a href="mailto:Reena.tanna@mazars.co.uk">Reena.tanna@mazars.co.uk</a> +44 (0)7977 693 616





# 03

Section 03:

**Audit scope, approach and timeline**

# 3. Audit scope, approach and timeline

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

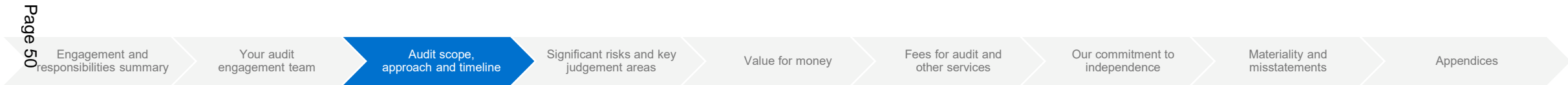
## Audit approach

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to the risks identified.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



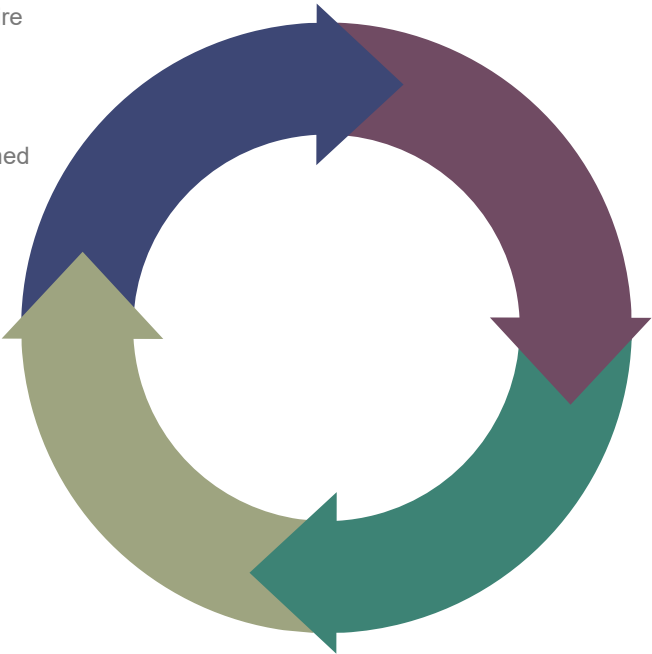
# 3. Audit scope, approach and timeline

## Planning and Risk Assessment June 2023

- Planning visit and developing our understanding of North East Derbyshire District Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Risk assessment analytical procedures
- Determination of materiality

## Completion by November 2023

- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the Audit Committee
- Reviewing subsequent events
- Signing the independent auditor's report



## Interim early July 2023

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

## Fieldwork July - August 2023

- Receiving and reviewing draft financial statements
- Delivering our audit strategy starting with significant risks and high risk areas including detailed testing of transactions, account balances and disclosures
- Communicating progress and issues
- Clearance meeting

# 3. Audit scope, approach and timeline

## Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures. We will also take the Head of Internal Audit's Annual Report findings into account in forming our Value for Money Conclusion.

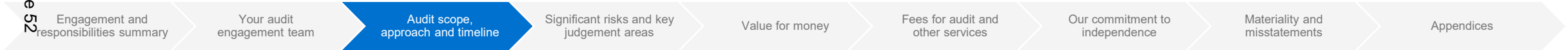
## Management's and our experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. We have not identified any service organisations that are relevant for the purpose of our audit.

Property, Plant and Equipment & Investment Properties	<b>Maroof Mohammed</b> Internal Valuer	None.  We may use third party evidence provided via the NAO to support our challenge of valuation assumptions.
	<b>Wilks, Head &amp; Eve</b> The Council's external valuer (non-dwellings)	
	<b>Barlow Property Consultancy</b> The Council's external valuer (dwellings)	
Pensions	<b>Hymans Robertson</b> Actuary for Derbyshire Pension Fund (LGPS)	PwC LLP (Consulting actuary appointed by the National Audit Office).
Financial Instrument disclosures	<b>Arlingclose</b> Treasury management advisors	None.
Business Rates Appeals Valuation	<b>Inform CPI Ltd</b>	None



# 04

Section 04:

**Significant risks and other key judgement areas**

# 3. Audit scope, approach and timeline

## Group audit approach

We are responsible for the audit of the group consolidation. The Council’s consolidated group is made up of the following components:

- North East Derbyshire District Council
- Rykneld Homes Limited

An analysis of the group is shown below, setting out the components of the group. Mazars only audits the Group as well the Council and the Responsible Individual is James Collins .

Materiality levels have been calculated at both single entity and group level for consistency, in line with reporting requirements. Refer to section 8. Based on these calculations we include the table below which sets out the audit approach we will follow for group audit opinion purposes.

Entity	Scope*
North East Derbyshire District Council	Full
Rykneld Homes Limited	Limited scope – The subsidiary holds a material Property. Plant and Equipment balance. We will test the valuation of dwellings to ensure that these are fairly valued for consolidation purposes.

\*Our approach can change upon review of draft financial statements. Any change to our audit approach in respect of group arrangements will be communicated to the Audit & Corporate Overview Scrutiny Committee .

# 4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

## Significant risk

Significant risks are those risks assessed as being close to the upper end of the spectrum of inherent risk, based on the combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. Fraud risks are always assessed as significant risks as required by auditing standards, including management override of controls and revenue recognition.

## Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

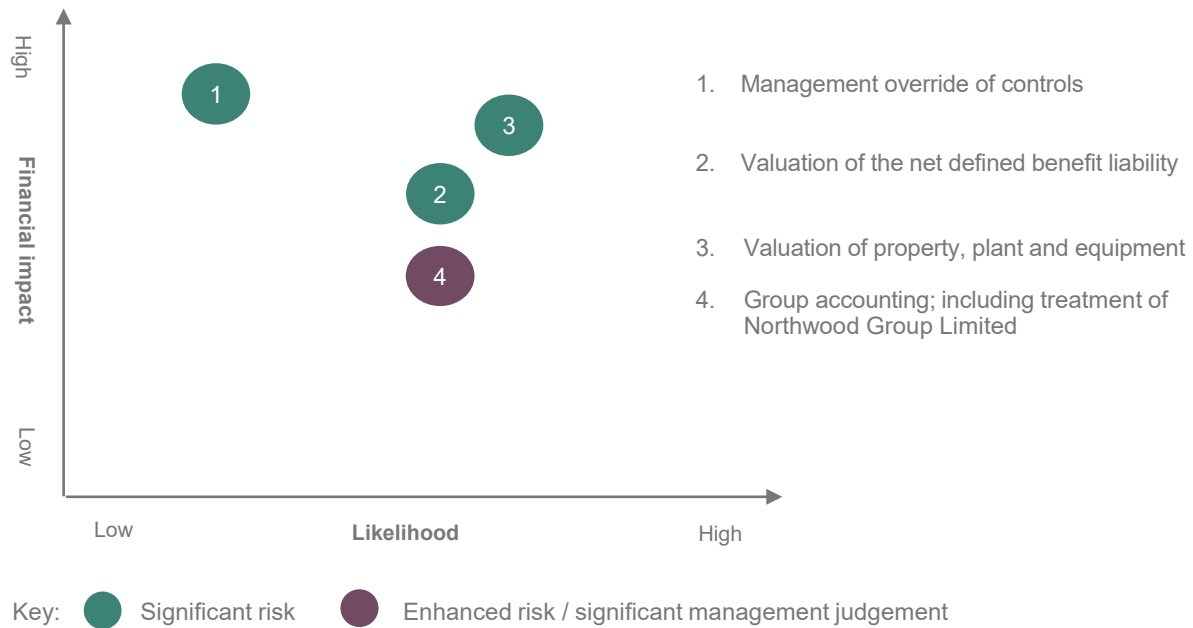
- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

## Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

## Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



# 4. Significant risks and other key judgement areas

## Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to Audit committee

## Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p><b>Management override of controls</b> This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.



## 4. Significant risks and other key judgement areas

### Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p><b>Net defined benefit liability valuation</b> <b>£42.8m (2021/22)</b></p> <p>The Council's accounts contain material liabilities relating to the local government pension scheme. The council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p> <p>As part of our testing, procedures will be performed on the net defined liability held by Rykneld Homes Limited</p>	○	●	●	<p>In relation to the valuation of the Council's pension liability we will:</p> <ul style="list-style-type: none"> <li>Critically assess the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary, Hymans Robertson;</li> <li>Liaise with the auditors of the Derbyshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation to complete and accurate;</li> <li>Review the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PwC, the consulting actuary engaged by the National Audit Office (NAO); and</li> <li>Agree the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.</li> </ul>
3	<p><b>Valuation of Dwellings, Land &amp; Buildings and Investment Property</b> <b>Dwellings - £402.4m (2021/22)</b> <b>Land &amp; Buildings - £35,3m (2021/22)</b> <b>Investment Property - £21.3 (2021/22)</b></p> <p>The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment and assets held for sale, with the majority of land and building assets required to be carried at valuation. Due to high degree of estimation uncertainty associated with those held at valuation, we have determined there is significant risk in this area.</p> <p>As part of our testing we will be testing the valuations performed over dwellings held by Rykneld Homes Limited</p>	○	●	●	<p>In relation to the valuation of property, plant and equipment and assets held for sale we will:</p> <ul style="list-style-type: none"> <li>Critically assess the Council's valuers scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;</li> <li>Consider whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;</li> <li>Assess whether valuation movement are in line with market expectations by reference to alternative sources of valuation data to provide information on regional valuation trends;</li> <li>Critically assess the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice; and</li> <li>Critically assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2022/23 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Councils valuer.</li> </ul>

# 4. Significant risks and other key judgement areas

## Enhanced Risk

	Description	Fraud	Error	Judgement	Planned response
4	<p><b>Group accounting</b></p> <p>Group consolidation requires significant adjustments to ensure all components are accounted for on the same basis. In the prior year material adjustments were made to the group accounts due errors in the consolidation adjustments (council dwellings incorrectly recognised in group accounts at historical cost).</p> <p>Group accounting also requires management to make significant judgements. The Council has a joint venture in Northwood Developments Limited. This is being accounted for as an available-for-sale financial asset and the component is not consolidated into the group accounts are not being prepared based on materiality.</p>	○	●	●	<p>We will:</p> <ul style="list-style-type: none"><li>• Review the adjustment journals performed by the council for group consolidation.</li><li>• Review adjustments made to component financial data to ensure it is in line with group accounting policies.</li><li>• Review management judgements on Northwood Developments Limited.</li></ul>

# 05

## Section 05: **Value for money**

# 5. Value for money

## The framework for Value for Money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

2022/23 will be the third audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

## Specified reporting criteria

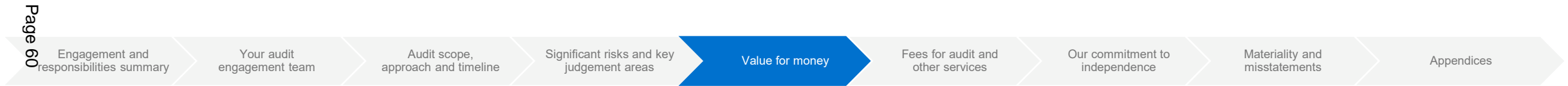
The Code requires us to structure our commentary to report under three specified criteria:

- 1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
- 2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
- 3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

## Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: <ul style="list-style-type: none"><li>• NAO guidance and supporting information</li><li>• Information from internal and external sources including regulators</li><li>• Knowledge from previous audits and other audit work undertaken in the year</li><li>• Interviews and discussions with staff and members</li></ul>
Additional risk based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report.  Our commentary will also highlight: <ul style="list-style-type: none"><li>• Significant weaknesses identified and our recommendations for improvement</li><li>• Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.</li></ul>

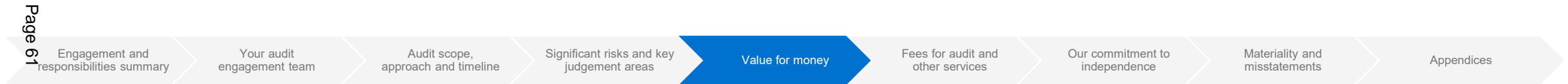


# 5. Value for money

## Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

We have not yet fully completed our planning and risk assessment work. We will report the results of our initial work to the Audit Committee on completion. This includes reporting any risk of significant weakness in arrangements that we identify.



# 06

Section 06:

**Fees for audit and other services**

# 6. Fees for audit and other services

## Fees for work as the Council’s appointed auditor

At this stage of the audit, we are not planning any divergence from the scale fees set below:

Area of work	2022/23 Proposed Fee	2021/22 Actual Fee
Scale fee	50,576*	43,510
Additional cost in respect of:		
• Additional testing on IAS19 Pension Liabilities	N/A – included in the scale fee	3,200
• Additional testing on valuation of land building, council dwellings and investment properties	N/A – included in the scale fee	6,200
• Additional work from the introduction of new auditing standards (ISA 540 Estimates)	3,590**	3,590
• Group Accounts	2,530**	2,530
• Other additional testing (Prior Period Adjustment on IP and Group PPE)	-	4,080
Additional cost in respect of the new VFM	7,000**	7,000
Total Fees	63,696	70,110

Area of work	2022/23 Proposed Fee	2021/22 Actual Fee
Other services – Agreed upon procedures on housing pooling return	4,000***	4,000

\* The scale fee does not include a inflation adjustment of £2,630 which is funded from the PSAA surplus. More detail can be found here - <https://www.psaa.co.uk/appointing-auditors-and-fees/list-of-auditor-appointments-and-scale-fees/2022-23-auditor-appointments-and-audit-fee-scale/>

\*\*Prior year values have been included, this is subject to change based on the level of work required in these areas in the current year

\*\*\* Subject to Council engaging Mazars LLP to complete this work

## Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

# 07

Section 07:

**Our commitment to independence**



# 7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team; and
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with James Collins in the first instance.

Prior to the provision of any non-audit services James Collins will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

No threats to our independence have been identified as set out in the table.

Service	Consideration
<b>Assurance services:</b> Housing Pooling Return	We have considered threats and safeguards as follows: <ul style="list-style-type: none"><li>• Self Review: The work does not involve the preparation of information that has a material impact upon the financial statements subject to audit by Mazars;</li><li>• Self Interest: The total fee level is not deemed to be material to the Council or Mazars. The work undertaken is not paid on a contingency basis;</li><li>• Management: The work does not involve Mazars making any decisions on behalf of management;</li><li>• Advocacy: The work does not involve Mazars advocating the Council to third parties;</li><li>• Familiarity: Work is not deemed to give rise to a familiarity threat given this piece of assurance work used to fall under the Audit Commission / PSAA certification regimes and was the responsibility of the Council's appointed auditor; and</li><li>• Intimidation: The nature of the work does not give rise to any intimidation threat from management to Mazars.</li></ul>

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

# 08

Section 08:

## **Materiality and misstatements**

# 8. Materiality and misstatements

## Summary of initial materiality thresholds

Threshold	Initial threshold (Council) £'000s	Initial threshold (Group) £'000s
Overall materiality	1,810	1,829
Performance materiality	1,448	1,463
Specific materiality (Officers' Remuneration)	5	5
Trivial threshold for errors to be reported to Audit & Corporate Overview Scrutiny Committee	54	55

## Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Information is considered to be material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of gross expenditure. We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to Audit committee.

We consider that the gross expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

# 8. Materiality and misstatements

## Materiality (continued)

We expect to set a materiality threshold at 2% of gross expenditure (at surplus/deficit on provision of services). Based on the 2022/23 draft financial statements we anticipate the overall materiality for the year ending 31 March 2023 to be in the region of £1.810m for the Council and £1.829m for the Group.

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

## Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

## Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to Audit & Corporate Overview Scrutiny Committee that is consistent with the level of triviality that we consider would not need to be

accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £54,000 for the Council and £55,000 for the Group based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with James Collins

## Reporting to the Audit Committee

The following three types of audit differences above the trivial threshold will be presented to Audit & Corporate Overview Scrutiny Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).



# Appendices

A: Key communication points

B: Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

# Appendix A: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) ‘Communication with Those Charged with Governance’ and ISA 265 (UK) ‘Communicating Deficiencies In Internal Control To Those Charged With Governance And Management’ specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

## Form, timing and content of our communications

We will present the following reports:

- Audit Strategy Memorandum;
- Audit Completion Report; and
- Auditor’s Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

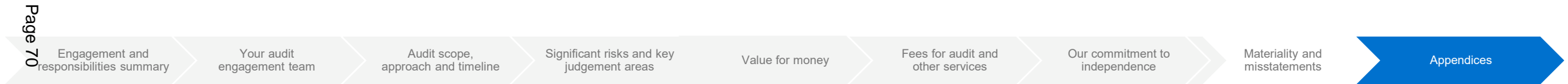
## Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;

- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

## Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.



# Appendix A: Key communication points

ISA (UK) 260 ‘Communication with Those Charged with Governance’, ISA (UK) 265 ‘Communicating Deficiencies In Internal Control To Those Charged With Governance And Management’ and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"><li>• uncorrected misstatements and their effect on our audit opinion;</li><li>• the effect of uncorrected misstatements related to prior periods;</li><li>• a request that any uncorrected misstatement is corrected; and</li><li>• in writing, corrected misstatements that are significant.</li></ul>	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"><li>• enquiries of Audit &amp; Corporate Overview Scrutiny Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li><li>• any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li><li>• a discussion of any other matters related to fraud.</li></ul>	Audit Completion Report and discussion at Audit & Corporate Overview Scrutiny Committee, Audit planning and clearance meetings

# Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>• non-disclosure by management;</li> <li>• inappropriate authorisation and approval of transactions;</li> <li>• disagreement over disclosures;</li> <li>• non-compliance with laws and regulations; and</li> <li>• difficulty in identifying the party that ultimately controls the entity.</li> </ul>	Audit Completion Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> <li>• our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• significant difficulties, if any, encountered during the audit;</li> <li>• significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>• written representations that we are seeking;</li> <li>• expected modifications to the audit report; and</li> <li>• other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Audit &amp; Corporate Overview Scrutiny Committee in the context of fulfilling their responsibilities.</li> </ul>	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report



# Appendix A: Key communication points

Required communication	Where addressed
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of Audit & Corporate Overview Scrutiny Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that Audit & Corporate Overview Scrutiny Committee may be aware of.	Audit Completion Report and Audit & Corporate Overview Scrutiny Committee meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>whether the events or conditions constitute a material uncertainty;</li> <li>whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>the adequacy of related disclosures in the financial statements.</li> </ul>	Audit Completion Report
Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods	Audit Completion Report
Explanation of the scope of consolidation and the exclusion criteria applied by the entity to the non-consolidated entities, if any, and whether those criteria applied are in accordance with the relevant financial reporting framework.	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Where applicable, identification of any audit work performed by component auditors in relation to the audit of the consolidated financial statements other than by Mazars' member firms	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report

# Appendix B: Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

## Background

ISA (UK) 315 (Revised 2019) introduces major changes to the auditor’s risk identification and assessment approach, which are intended to drive a more focused response from auditors undertaking work to obtain sufficient appropriate audit evidence to address the risks of material misstatement. The new standard is effective for periods commencing on or after 15 December 2021 and therefore applies in full for the Council’s 2022/23 audit.

The most significant changes relevant to the Council’s audit are outlined below.

### Enhanced risk identification and assessment

The standard has enhanced the requirements for the auditor to understand the audited entity, its environment and the applicable financial reporting framework in order to identify and assess risk based on new inherent risk factors which include:

- Subjectivity
- Complexity
- Uncertainty and change
- Susceptibility to misstatement due to management bias or fraud.

Using these inherent risk factors, we assess inherent risk on a spectrum, at which the higher end of which lies significant risks, to drive an audit that is more focused on identified risks. Auditors are now also required to obtain sufficient, appropriate evidence from these risk identification and assessment procedures which means documentation and evidence requirements are also enhanced.

### Greater emphasis on understanding IT

In response to constantly evolving business environments, the standard places an increased emphasis on the requirements for the auditor to gain an understanding of the entity’s IT environment to better understand the possible

risks within an entity’s information systems. As a result, we are required to gain a greater understanding of the IT environment, including IT general controls (ITGCs).

### Increased focus on controls

Building on the need for auditors to gain a greater understanding of the IT environment, the standard also widens the scope of controls that are deemed relevant to the audit. We are now required to broaden our understanding of controls implemented by management, including ITGCs, as well as assess the design and implementation of those controls.

## **Mazars**

Park View House

Nottingham

NG1 5 DW

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.

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## North East Derbyshire District Council

### Audit Committee

3 July 2023

### Committee Work Programme 2023/2024

#### Report of the Assistant Director of Governance and Monitoring Officer

Classification: This report is public

Report By: Tom Scott – Governance and Scrutiny Officer

Contact Officer: Tom Scott [thomas.scott@ne-derbyshire.gov.uk](mailto:thomas.scott@ne-derbyshire.gov.uk) 01246 217045

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#### **PURPOSE / SUMMARY**

To enable the Audit Committee to review the proposed Work Programme for the the municipal year 2023/2024.

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#### **RECOMMENDATIONS**

1. That the Committee notes and approves the proposed Audit Committee Work Programme for the 2023/2024 municipal year as set out in the attached **Appendix 1**.

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#### **IMPLICATIONS**

Finance and Risk: Yes ☒ No ☐

##### **Details:**

Risk - the development of a Work Programme for the Audit Committee will provide an appropriate structure to assist and support the Committee's work. This will help to ensure that the Committee continues to operate effectively and that the Council's governance and accountability arrangements remain robust. The Programme is designed to allow the Audit Committee to continue its flexible approach to its and consider work the range of matters which are within its remit. There are no financial issues arising from the report.

On Behalf of the Section 151 Officer

**Legal (including Data Protection):**

Yes ☐

No ☒

**Details:**

There are no legal issues or Data Protection matters arising directly from this report.

On Behalf of the Solicitor to the Council

**Staffing:**

Yes ☐

No ☒

**Details:**

There are no staffing issues arising from the report.

On behalf of the Head of Paid Service

## DECISION INFORMATION

Decision Information	
<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>NEDDC:</b> <b>Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/></b> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/></b> <b>SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/></b> <b>Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></b>	Yes  Details: Members of the Audit Committee

**Links to Council Ambition (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.**

None.

## REPORT DETAILS

### 1 Background

- 1.1 The Audit Committee considers a range of financial and governance issues on a regular basis. Given the number of matters that are examined by the Committee it is appropriate that an Annual Work Programme continues to be in place.
- 1.2 The Work Programme is set out in the attached **Appendix 1**. It should be recognised that the work plan is a live document to which matters may be added or removed as appropriate and approved by the Committee, including standing items.
- 1.3 The Work Programme enables Members to give structured consideration as to whether the proposed agenda items are appropriate and serve to meet the objectives of the Committee. That question needs to be considered in the light of the Council's Constitution, Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on the role of an Audit Committee and established good practice.

### 2. Details of Proposal or Information

- 2.1 To enable the Audit Committee to review the Work Programme for the municipal year 2023/24.

### 3 Reasons for Recommendation

- 3.1 To enable the Committee to consider the Work Programme for the 2023/24 municipal year.

### 4 Alternative Options and Reasons for Rejection

- 4.1 There are no other options proposed.

## DOCUMENT INFORMATION

Appendix No	Title
1	Committee Work Programme 2023/24
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) you must provide copies of the background papers)	

**AUDIT COMMITTEE: PROPOSED WORK PROGRAMME 2023/24**

<b><u>DATE OF MEETING</u></b>	<b><u>ITEM</u></b>
3 July 2023  At 1pm	<ul style="list-style-type: none"><li>• Induction Session</li><li>• External Audit Progress Report</li><li>• Risk Management Update</li><li>• Treasury Management Presentation</li></ul>
29 September 2023  <b>Accounts Sign off Meeting</b>  At 1pm	<ul style="list-style-type: none"><li>• Annual Governance Statement and Code of Corporate Governance 2022/23</li><li>• Annual Statement of Accounts and Going Concern Report 2022/23</li><li>• Audit Completion Report 2022/23</li><li>• Letter of Representation 2022/23</li><li>• Internal Audit Annual Report</li><li>• Internal Audit Progress Report</li><li>• Monitoring the implementation of Internal Audit recommendations</li><li>• Review of the Internal Audit Charter</li><li>• Risk Management Update</li></ul>
22 January 2024  At 1pm	<ul style="list-style-type: none"><li>• Treasury Management Presentation</li><li>• Treasury Management Strategies 2023/24 – 2026/27</li><li>• External Audit Progress Report</li><li>• Internal Audit Progress Update</li><li>• Risk Management Update</li><li>• Proposed Accounting Policies 2023/24</li></ul>
15 April 2024  At 1pm	<ul style="list-style-type: none"><li>• Annual Review of Effectiveness of Internal Audit</li><li>• Internal Audit Progress Update</li><li>• Monitoring the implementation of Internal Audit recommendations</li><li>• External Audit Progress Update</li><li>• Internal Audit Plan 2024/25</li><li>• Evaluate the Effectiveness of the Audit and Corporate Governance Committee</li><li>• Risk Management Update</li></ul>