

Item

## INTERNAL AUDIT UPDATE



**To:**

Civic Affairs Committee [07/02/2024]

**Report by:**

Jonathan Tully, Head of Shared Internal Audit Service

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**Wards affected:**

All

### Introduction / Executive Summary

The purpose of this report is to inform the committee of the work of Internal Audit, completed between August 2023 to January 2024, developments within the team, and the forward plan of work.

The role of Internal Audit is to provide the Civic Affairs Committee, and Management, with independent assurance on the effectiveness of the internal control environment.

### Recommendations

It is recommended that the Committee note the contents of the Internal Audit update report.

### Background

The Accounts and Audit Regulations 2015 require that the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account public sector internal auditing standards or guidance.”

Internal Audit assists the Council, and the Civic Affairs Committee, to discharge its governance responsibilities. Our work supports the Council’s corporate objectives, and the corporate governance framework.

Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the council's ability to achieve its objectives.

Internal Audit work should help add value to the Council by helping to improve systems, mitigate risks, and subsequently inform the Annual Governance Statement.

## **Implications**

### **(a) Financial Implications**

None.

### **(b) Staffing Implications**

The audit plan reflects current available resources, and factors in current vacancies in the team, plus time for successful recruitment.

### **(c) Equality and Poverty Implications**

There are no implications.

### **(d) Net Zero Carbon, Climate Change and Environmental Implications**

None.

### **(e) Procurement Implications**

None.

### **(f) Community Safety Implications**

None.

## **Consultation and communication considerations**

None

## **Background papers**

Background papers used in the preparation of this report:

Risk-Based Internal Auditing – Working Standards and Procedures

Public Sector Internal Audit Standards

CIPFA Local Government Application Note

Cambridge City Council Risk Registers

Corporate Plan

## **Appendices**

- a) Internal Audit Progress report
- b) Audit definitions

## **Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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tel: 01223 - 458180, email: [jonathan.tully@cambridge.gov.uk](mailto:jonathan.tully@cambridge.gov.uk).



# Appendix A – Progress Report

## Cambridge City Council

### **Introduction**

1. Management is responsible for the system of internal control and establishes policies and procedures to help ensure that the system is functioning correctly. On behalf of the Civic Affairs Committee, Internal Audit acts as an assurance function by providing an independent and objective opinion on the control environment.
2. The purpose of this report is to provide an update on the recent work completed by internal audit. The information included in the progress report will feed into and inform our overall Head of Internal Audit (HoIA) opinion on internal control. This opinion will in turn be used to inform the Annual Governance Statement which accompanies the Statement of Accounts.
3. Where appropriate, reports are given an overall opinion based on four levels of assurance. This is based on the evaluation of the control and environment, and the type of recommendations we make in each report. If a review has either “Limited” or “No” assurance, the system is followed up to review if the actions are implemented promptly and effectively. Further information is available in Appendix B – Glossary of terms.

## **Resources and team update**




4. An audit plan is presented at least annually to the Civic Affairs Committee. It is good practice to continually review the plan, to reflect emerging risks, revisions to corporate priorities, and changes to resourcing factors. Since June 2020 we have reported a six-month plan, as this gives us the flexibility to respond and deliver an audit plan that adds value to the Council.
5. The audit assignments are delivered by a team of audit staff including a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA). The team currently has one substantive vacancy, which is included in the resource plan, and we plan to recruit substantively into the position. We can also utilise alternative resources such as agency workers or internal secondments.
6. We have a Graduate Trainee in the team who is spending a 9-month secondment as part of the Local Government Association National Graduate Development Program. This is a really positive development for the team and provides a great quality foundation for their ongoing development.
7. We have maintained our periodic PSIAS assessments and identified learning and development opportunities for the team in 2023/2024. We are preparing for a future external assessment and the new Global Internal Audit Standards.
8. As anticipated, we continued to provide the Council with support on Business Grant stimulus packages. The amount of resource required for this activity was less than the previous year, as the scheme reconciliation and sampling was concluded. We undertake this work where we consider it adds value and proactively supports the governance risk and control environment.
9. We are pleased to have still completed audit reviews in the period as this enables us to provide an opinion for the Annual Governance Statement. Our plan is risk based, and in most cases any delayed reviews will commence at the next suitable opportunity.
10. We have identified 5 new reviews to add to the plan, as priority work. These are risk-based reviews of Housing Safety Compliance and help support the Council prepare for the new reporting requirements from the Housing Regulator.
11. Progress of the plan delivery, plus our forward plan, is illustrated on the following pages for information.

**Progress update and Opinion**



## Key Themes

12. As in previous years, Internal Audit will continue to support the governance, risk and control environment within the Council. There will continue to be liaison with key stakeholders, such as the external auditors so that resources are used effectively.
13. Our reviews are categorised to help us communicate the areas of focus. Our top key themes include:

Theme	Details
 Transformation	The Council continually seeks continuous improvement. We will proactively support this process as new opportunities are identified. We will also review new systems, after implementation, for benefits realisation and to provide assurance that key controls continue to operate effectively.
 Resilience and recovery	Our plan reflects changes to the risk and control environment as events continue to drive rapid change across the Council. We will add value to the Council by providing real-time assurance on new and developing processes and controls.
 Governance	We review governance areas where it helps add value to the Council, stakeholders, or if there is a statutory requirement. We also contribute to the Annual Governance Statement.

## Assurance and opinion

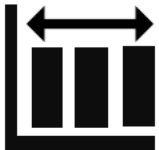
14. The audit plan enables me to provide an independent opinion on the adequacy and effectiveness of the systems of internal control in place. These systems comprise risk management, corporate governance, and financial control. My opinion will inform the Annual Governance Statement.
15. Our work is carried out to assist in improving control. Management maintains responsibility for developing and maintaining an internal control framework. This framework is designed to ensure that:
  - the Council's resources are utilised efficiently and effectively;
  - risks to meeting service objectives are identified and properly managed; and
  - corporate policies, rules and procedures are adequate, effective and are being complied with.
16. Assurance is received from a number of sources. These include the work of Internal Audit; assurance from the work of the External Auditor; the Annual Governance Statement, the Local Code of Corporate Governance and the Risk Management process. This enables a broader coverage of risks and ensures that the totality of the audit, inspection and control functions deployed across the organisation are properly considered in arriving at the overall opinion.
17. If the audit reviews undertaken identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, we issue recommendations to improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up and is reported.
18. It is the opinion of the Head of Shared Internal Audit that, taking into account all available evidence, reasonable assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment, governance and risk management arrangements. This remains at a similar level to the previous period.









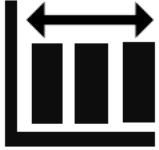

## Finalised reviews


The following reviews have reached completion, since August 2023:

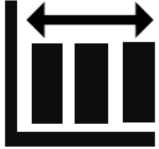
Audit	Assurance and actions		Summary of report and actions
<p>Carbon Management – Data Quality</p> 	<p><b>Assurance:</b></p> <p>Current: Full</p> <p>Previous: Full</p> <p><b>Actions:</b></p> <p>Critical 0</p> <p>High 0</p> <p>Medium 0</p> <p>Low 0</p>		<p>The Council has published a comprehensive <a href="#">Climate Change</a> section on its website, which includes the Council’s Climate Change Strategy 2021-26.</p> <p>Statistical information is reported in the Greenhouse Gas (GHG) annual report. This includes emissions from the estate and operations owned and controlled by the Council.</p> <p>The Council has been reporting its annual GHG emissions accounts since 2015/16. They have been drawn up according to the principles outlined in the latest <a href="#">Environmental Reporting Guidelines</a> issued by the Government’s Departments for Environment, Farming and Rural Affairs, (DEFRA), and Business Energy and Industrial Strategy (BEIS) (Note: As of 2023 BEIS has been split into three departments with carbon reporting being overseen by the newly formed Department for Energy Security and Net Zero (DESNZ)).</p> <p>We completed a data quality check for the data for the reporting period is 1<sup>st</sup> April 2022– 31<sup>st</sup> March 2023. This included reviewing the accuracy of data input, and that all calculations and formulae were correct. Data was also verified back to available source data. Feedback was provided where data was incorrect, the appropriate corrections were completed, and the revised data sets were subsequently rechecked. This provides assurance that the data was reliable.</p> <p>There were no actions arising.</p>

Audit	Assurance and actions		Summary of report and actions
<p>Grant distribution - Community and partnerships</p> 	<p><b>Assurance:</b></p> <p>Current:</p> <p>Previous:</p> <p><b>Actions:</b></p> <p>Critical</p> <p>High</p> <p>Medium</p> <p>Low</p>	<p>Reasonable</p> <p>New review</p> <p>0</p> <p>0</p> <p>1</p> <p>0</p>	<p>The Council has a Community Grant Fund which is available for projects that will help to reduce social or economic inequality in Cambridge.</p> <p>Grant schemes can be at risk of fraudulent applications. Public Sector knowledge of fraud risk, and effective internal controls, has developed during the management of the pandemic business grant schemes where there was high risk exposure.</p> <p>We worked with the Grants Manager to discuss their current grants process and internal controls.</p> <p>There are existing controls in place to screen applications and monitor grant delivery. We also worked with the grants team to implement additional controls that check applicant details and bank accounts, to proactively identify potential fraud at the point of application.</p>
<p>Community Facilities - The Meadows</p> 	<p><b>Assurance:</b></p> <p>Current:</p> <p>Previous:</p> <p><b>Actions:</b></p> <p>Critical</p> <p>High</p> <p>Medium</p> <p>Low</p>	<p>Reasonable</p> <p>New review</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>	<p>We completed a physical site review of The Meadows Community Centre, located in Arbury, that was newly built in 2023.</p> <p>As publicly accessible Community Centre the Council has to balance both accessibility and security. We reviewed access points, key management, procedures, CCTV, partner and contractor access, plus alarm security.</p> <p>The security systems at the Meadows Community Centre are sufficient and proportionate. Areas are segregated securely as needed, keys are managed well, and CCTV is complete. It was noted that upon arrival the door to the office was left open, a reminder to staff now and when this is noticed in future should embed the practice of keeping staff areas secure during the day. Regarding procedures followed by staff, performing a 'walk around' before opening and after closing is positive, as is controlling the distribution of keys to external staff.</p>

Audit	Assurance and actions		Summary of report and actions
<p>Grant Assurance – Sustainable Warmth Grant: HUG 1</p> 	<p><b>Assurance:</b></p> <p>Current:</p> <p>Previous:</p> <p><b>Actions:</b></p> <p>Critical</p> <p>High</p> <p>Medium</p> <p>Low</p>	<p>Reasonable</p> <p>New review</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>	<p>Central Government launched a Sustainable Warmth Competition, investing £500 million across 78 projects to upgrade energy inefficient homes of low-income households in England across various schemes within the Competition.</p> <p>The Council was awarded £4,624,998 and has spent £1,220,685.32 (26%) from the Home Upgrade Grant 1 scheme.</p> <p>The Council was awarded £1,840,000 and has spent £978,772.68 (53%) from the Local Authority Delivery 3 scheme.</p> <p>Feedback from the grant team highlights challenges with suppliers' capacity to deliver the scheme within the limited timeframe.</p> <p>We completed sample testing of actual expenditure to provide assurance back to the Department for Energy Security and Net Zero and Department for Business, Energy &amp; Industrial Strategy that it was compliant with the grant conditions.</p>
<p>Grant Assurance – Sustainable Warmth Grant: LAD3</p> 	<p><b>Assurance:</b></p> <p>Current:</p> <p>Previous:</p> <p><b>Actions:</b></p> <p>Critical</p> <p>High</p> <p>Medium</p> <p>Low</p>	<p>Reasonable</p> <p>New review</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>	<p>This assurance helps support delivery of the next schemes under the Sustainable Warmth Competition initiative.</p>

Audit	Assurance and actions		Summary of report and actions
<p>Payroll</p> 	<p><b>Assurance:</b></p> <p>Current: Reasonable</p> <p>Previous: Reasonable</p> <p><b>Actions:</b></p> <p>Critical 0</p> <p>High 0</p> <p>Medium 2</p> <p>Low 0</p>		<p>We completed a follow-up of actions from our previous review.</p> <p>There has been positive progress made with implementing the 2018/2019 and 2020/2021 management agreed actions. Nine of the eleven management agreed actions have been implemented and one medium priority action is no longer needed, due to the implementation of the new iTrent system.</p> <p>There is an outstanding medium priority action. The existing draft SLA agreement should be progressed and signed. This action should also be completed in respect of the next 2024 – 2029 SLA Agreement.</p> <p>The new iTrent system has reports which could provide the Human Resources team with some useful data insights, and we have encouraged the team to review these.</p>
<p>Grant Assurance – Changing Places</p> 	<p><b>Assurance:</b></p> <p>Current: Reasonable</p> <p>Previous: New</p> <p><b>Actions:</b></p> <p>Critical 0</p> <p>High 0</p> <p>Medium 1</p> <p>Low 0</p>		<p>The Council received £100,000 to deliver the Changing Places Toilet scheme on behalf of Central Government.</p> <p>We provided a planned interim grant assurance review to DLUHC that existing expenditure and accruals were compliant with the scheme.</p> <p>We also reviewed the project management delivery and governance. There is regular engagement with DHLUC to keep them apprised of the project progress. We identified and agreed an action to improve the local project management plan to support delivery.</p> <p>A further review is planned at the end of the scheme.</p>

Audit	Assurance and actions		Summary of report and actions
Procurement – Declarations of Interest  	<b>Assurance:</b> Current: Previous:  <b>Actions:</b> Critical High Medium Low	Reasonable New  0 0 5 0	<p>All employees are required to declare potential conflicts of interest in procurement, and Senior Managers must declare pecuniary interests annually. The current processes are based on historic practices dating back to the 1970s.</p> <p>The Council is currently undergoing an organisational wide Transformation which has restructured Teams and Groups.</p> <p>We participate in the National Fraud Initiative data matching exercise. We used the data to help support a review of the process for declaring interests, and the data matches highlighted some potential non-compliance. Following our review we concluded these were not a concern, as the employees were not involved directly in procurement, and have since been rectified. It does highlight that there is an opportunity to review and improve the current processes.</p> <p>We have agreed actions to review the scope of the pecuniary interest framework, refresh and promote guidance to employees, and modernise the processes in place. This should help improve the internal controls and reduce the risk of a significant non-compliance occurring.</p>

Audit	Assurance and actions		Summary of report and actions
<p>Grant assurance – Disabled Facility Grant</p> 	<p><b>Assurance:</b></p> <p>Current:</p> <p>Previous:</p> <p><b>Actions:</b></p> <p>Critical</p> <p>High</p> <p>Medium</p> <p>Low</p>	<p>Full</p> <p>Full</p> <p>0</p> <p>0</p> <p>0</p> <p>3</p>	<p>This funding enables the Council to carry out improvements to housing stock and disabled adaptations.</p> <p>We reviewed a sample of grants, plus their supporting documentation. This provided assurance that:</p> <ul style="list-style-type: none"> <li>• grants were only awarded to eligible applicants;</li> <li>• applications were supported by a qualified independent medical referral;</li> <li>• applications were processed promptly;</li> <li>• suppliers and contractors were appropriately procured, and awarded based on value for money;</li> <li>• any project cost variations were appropriately reviewed and approved;</li> <li>• financial records were completed and reconciled;</li> <li>• projects were effectively managed by the HIA; and</li> <li>• grants were used for capital expenditure as set out in the MHCLG conditions.</li> </ul> <p>We agreed three low level actions to assist with record keeping and reporting on the new system.</p> <p>The Home Improvement Agency has also worked with the Legal team in response to recent case law. This will help alleviate the current challenge of meeting disabled people's needs by increasing the amount that can be funded by a DFG.</p>

## Our work in progress and forward plan

Below is a table of our indicative forward plan for the next six months. Some reviews are in progress, and we have also provided an update on their status:

Audit	Assurance type	Progress update	Scope and description
<b>Corporate Plan Objectives</b>			
HRA - Safety - Governance and Oversight	Compliance	These are new reviews added to the audit plan. Testing is in progress.	<p>Legislation, such as the Social Housing (Regulation) Bill, has been developing since the Social Housing White Paper in 2020. The new Social Housing (Regulation) Bill has two very notable focus areas: fundamental reform to the remit and powers of the Regulator for Social Housing (RSH) – from reactive to proactive regulation; and a focus on Health and Safety matters including tenant empowerment.</p> <p>Local Authority Registered Providers (LARPs) are now accountable to the Regulator of Social Housing (RSH).</p> <p>We have agreed a testing programme to help the Council respond to the changes. For each review we will provide assurance that the Council has appropriate governance framework for the monitoring and reporting of housing safety compliance.</p>
HRA - Safety - Asbestos			
HRA - Safety - Fire			
HRA - Safety - Electrical			
HRA - Safety - Stakeholder engagement			
Safeguarding - Modern Day Slavery	Heartbeat assurance	This work is in progress	Review of the existing governance arrangements in respect of modern-day slavery.
Customer Portal	Technology review	This work is scheduled for later in the year.	Review of the customer portal and consider if there are any further opportunities for improvement.

<b>Audit</b>	<b>Assurance type</b>	<b>Progress update</b>	<b>Scope and description</b>
Business Transformation - Project Management Framework	Governance	This work is scheduled for later in the year.	Review the framework and governance arrangements for managing projects, plus review of the new enterprise portfolio management system.
<b>Core Assurance Work</b>			
Information Governance - GDPR	Governance	This work is in progress.	Compliance check on a selection of thematic areas and assurance from participation of the corporate Information Security Group.
Ethics, Culture and Governance	Governance	This work is in progress.	Each year we will allocate some resource to assess and make appropriate recommendations to improve the organisation's governance processes, including promoting appropriate ethics and values within the organisation.
Grant Assurance – Changing Places	Grant assurance	This work is scheduled for later in the year.	This is a central govt scheme to scheme to build disabled access toilet facilities. We will provide the S151 with assurance that the grant conditions have been met. This is the second tranche of assurance.
Grant assurance - Home Upgrade Grant – P2	Grant assurance	This work is in progress.	This is a central government scheme to assist decarbonisation as part of the Action on Energy Initiative. We will review a sample of grants to provide assurance that funds were spent in accordance with grant conditions.
VAT	Compliance	This work is in progress.	Financial controls review, supplemented by National Fraud Initiative testing



## **Counter fraud and corruption update**

### **National Fraud Initiative**

19. The Council participates in a national data matching service known as the National Fraud Initiative (NFI), which is run by the Cabinet Office. Data is extracted from Council systems for processing and matching. It flags up inconsistencies in data that may indicate fraud and error, helping councils to complete proactive investigation. Nationally it is estimated that this work has identified £1.69 billion of local authority fraud, errors and overpayments since 1996. Historically this process has not identified significant fraud and error at Cambridge City Council, and this provides assurance that internal controls continue to operate effectively.
20. We have recently completed the data submission for the 2023/2024 exercise. This includes extracting, checking and processing data from Council systems; plus reviewing compliance with data protection regulations. Relevant datasets in this exercise include: Council Tax and reductions and the Electoral Register.

### **Referrals**

21. We look to ensure that employees and contractors follow the various policies, procedures and Codes of Conduct established to protect the public purse, as well as the integrity of officers. Consequently, we may investigate fraud, whistleblowing allegations or theft. Matters can be received as a direct request from management or via the whistleblowing route. Under the Council's Whistleblowing Policy, employees are encouraged to report any genuine, serious concerns about any aspect of the Council's work to the Head of Shared Internal Audit.
22. Since our previous report we have processed eight referrals, and one of these were covered by Whistleblowing policy. This provides assurance that people are aware of their opportunity to refer concerns via the policy. In all cases, if appropriate, actions were agreed with management to improve controls which could mitigate risks of fraud and error.

## **Other audit and assurance activity**

### **Public Sector Internal Audit Standards**

23. The Public Sector Internal Audit Standards (PSIAS) require that Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the Internal Audit activity. External assessments should be conducted every five years by a qualified, independent assessor. In 2018 CIPFA independently verified that we “**Generally Conform**” with the Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN).
24. New [Global Internal Audit Standards](#) have just been issued following a consultation and review in 2023. It is probable that there will be a refreshed PSIAS to reflect any professional changes. The implementation date for the new standards is likely to take 12-24 months. We will keep up to date with standards revisions so they can be adopted promptly.
25. We completed our annual internal review which provides assurance that we continue to meet the standards. We are preparing for an external review and will consider the best approach based on the emerging guidance.
26. We have been maintaining continuous professional development in the team. A team focus is building upon our existing data analytical skills, and we have been developing our knowledge in Power Query and Power BI.

### **Governance**

27. We have continued to facilitate the review of the Annual Governance Statement, and the Local Code of Governance, which accompanies the Statement of Accounts.
28. In addition, we are developing a back-office system to help maintain and monitor records in the Local Code of Governance. This should support our assurance mapping and provide better assurance when reviewing our compliance with the Code.
29. We have been working with colleagues across the Cambridgeshire County to share best practice on performance management, governance and risk management. This is helping the Cambridgeshire & Peterborough Combined Authority to develop their new Single Assurance Framework, and will assist with partnership working in future.

## **Risk management**

30. We have continued to provide support on the identification of risks and controls. Following the review of our Risk Management Strategy we have been implementing our improvement program. We implemented a new risk management system to introduce improvements to querying and data reporting and have been training users.
31. We measure the volume of risks updated and reviewed in a period. This information demonstrates that the level of engagement has improved significantly over the past 12 months, and we can conclude that risk management is effectively embedded in the Council.
32. We continue to identify opportunities for improvement, and we have prepared a separate report to the Committee report on our progress.

## **Topical updates**

33. It is good practice to coach Members of the Committee on governance risk and control and share useful information. We have included some topical updates in Appendix C.

## **Conclusion**

34. The work carried out by the Internal Audit Team conforms to the Public Sector Internal Audit Standards.
35. A continuous risk-based audit plan is completed, providing assurance. The team also provides added value consulting activities such as providing advice and fraud and error activities.
36. The audit work completed has provided sufficient coverage to enable Internal Audit to form an opinion on the internal control environment, governance and risk management arrangements. There is Reasonable assurance awarded during the year, and this remains at a similar level to the previous report to the Committee.

# Appendix B – Glossary of terms

## Assurance ratings

Internal Audit provides management and Members with a statement of assurance on each area audited. This is also used by the Head of Shared Internal Audit to form an overall opinion on the control environment operating across the Council, including risk management, control and governance, and this informs the Annual Governance Statement (AGS).

Term	Description
<b>Full Assurance</b>	Controls are in place to ensure the achievement of service objectives and good corporate governance, and to protect the Authority against significant foreseeable risks.
<b>Reasonable Assurance</b>	Controls exist to enable the achievement of service objectives and good corporate governance and mitigate against significant foreseeable risks. However, occasional instances of failure to comply with control process were identified and/or opportunities still exist to mitigate further against potential risks.
<b>Limited Assurance</b>	Controls are in place and to varying degrees are complied with, however, there are gaps in the process which leave the service exposed to risks. Therefore, there is a need to introduce additional controls and/or improve compliance with existing ones, to reduce the risk exposure for the Authority.
<b>No Assurance</b>	Controls are considered to be insufficient, with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls, and errors and omissions have been detected. Failure to improve controls leaves the Authority exposed to significant risk, which could lead to major financial loss, embarrassment, or failure to achieve key service objectives.


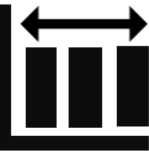


## Organisational impact

The overall impact may be reported to help provide some context to the level of residual risk. For example, if no controls have been implemented in a system it would have no assurance, but this may be immaterial to the organisation. Equally a system may be operating effectively and have full assurance, but if a risk materialised it may have a major impact to the organisation.

Term	Description
<b>Major</b>	The risks associated with the system are significant. If the risk materialises it would have a major impact upon the organisation.
<b>Moderate</b>	The risks associated with the system are medium. If the risk materialises it would have a moderate impact upon the organisation.
<b>Minor</b>	The risks associated with the system are low. If the risks materialises it would have a minor impact on the organisation.


## Assurance – Direction of Travel

The symbols below indicate the direction of travel when we have concluded a review:

Control status	Symbol	Details and factors
Improvement		Actions have been implemented New controls have been established Risk factors have reduced
Consistent		Controls continue to operate at the same level The risk environment has stayed consistent
Decrease		Controls have reduced, or not been complied with Risks factors have increased, or new risks have emerged
New		This is a new review and we do not have a comparable benchmark.

# Appendix C – Topical updates

Below are some topical updates across the sector which members of the Committee could find useful.

<b>Future pandemic and extreme weather among key threats to UK</b>	<p>The <a href="#">BBC reported</a> that a future pandemic and extreme weather caused by climate change are among the key risks facing the UK, according to a new <a href="#">government register</a>.</p> <p>It has been published to help the UK prepare for "worst-case scenarios" of some of the most serious threats. It updates the previous version published in 2020.</p>
<b>OFLOG</b>	<p>The <a href="#">Office for Local Government (Oflog)</a> was launched in July 2023. Their vision is to provide authoritative and accessible data and analysis about the performance of local government, and support its improvement.</p>
<b>Cyber unpacked</b>	 <p>The Local Government Association have published some helpful guides on Cyber Security.</p> <p>Cyber Unpacked is the first module of Unpacking Digitalisation, a series of short explainer videos on digital concepts, created to support officers and councillors who are digital newcomers: <a href="https://www.local.gov.uk/our-support/cyber-digital-and-technology/cyber-unpacked">https://www.local.gov.uk/our-support/cyber-digital-and-technology/cyber-unpacked</a></p> <p>Topics include:</p> <ul style="list-style-type: none"><li>• What is cyber security;</li><li>• What is a network;</li><li>• What is data</li></ul>
<b>New crackdown on fraud introduced by the Home Office</b>	<p>Central Government highlighted that the new <a href="#">failure to prevent fraud offence</a> will make it easier to prosecute a large organisation if an employee commits fraud for the organisation's benefit. If fraud is committed by an employee of an organisation, the organisation must be able to demonstrate it had reasonable measures in place to deter the offending or risk receiving an unlimited fine. Further guidance on the legislation and reasonable measures will be published later.</p>

## National Strategic Assessment 2023 for Serious and Organised Crime

Fraud remains the most common crime type experienced by victims in England and Wales



The National Crime Agency has provided a [picture of the threat to the UK from serious and organised crime](#), focussing on the fraud threat, which remains the most common crime type. Their [article](#) covers the following topics:

- The nature and scale of fraud against individuals, businesses, and the public sector, and how it affects all of UK society.
- The methods and enablers used by criminals to commit fraud, such as social engineering, data breaches, online services, cryptoassets, and money mules.
- The challenges and opportunities for law enforcement and other partners to prevent, detect, and disrupt fraud, and to protect and support victims.
- The actions that the public can take to reduce the risk of being a victim of fraud, or to spot and report suspicious activity.

Some interesting statistics include:

### The High Prevalence of Fraud

Fraud is the most common crime type in England and Wales.



Source: Office for National Statistics, Crime Survey England and Wales 2022.

#### Targeted

**40 million**

approximate number of individuals targeted by fraud in 2022.

#### Increased Cost of Living

Inflationary costs have increased the vulnerability of potential fraud victims, as more people look to save and make money.



#### Cost

**£ 2.46 billion**  
lost by businesses and individuals alone to fraud in the financial year 2021/22.

**17%**

increase on the Year 2020/2021.



#### Under-Reporting



**86%**

of fraud instances are estimated to go unreported.