



## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Audit Committee 25 June 2025

Wards affected: All Wards

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### Audit Committee Self-Assessment Action Plan - update

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#### Report of Head of Finance (Section 151 Officer)

#### 1. Purpose of report

1.1 To present progress and support for actions needed on the Audit Committee's agreed Action Plan .

#### 2. Recommendation

2.1 That the Audit Committee:

- note the content of the report,
- members consider any action needed, and
- re-assess the scores given as part of an updated self-assessment to be reported at the next audit Committee.

#### 3. Background to the report

3.1 As part of the Audit Committee self-assessment a number of actions were agreed as needed. In summary actions dates and simplified actions applied are noted in the table below with a brief summary of progress made(Full detailed are in the Appendix 1).

Simplified table of Actions	Total rec's covered	Comment	Due next/ Comment
Audit Committee Annual Report	11	Complete- repeats annually	1 Oct 2025 To support he structure the detailed action should be taken into account.
AGS report	3	Complete- repeats annually	Oct 2025/Feb 2026
Audit Committee in place		No further action needed.	No further action needed.
Council to consider request for them to approve accounts	1	Audit Committee Chair has liaised with Council leader, and decision to retain as Audit Committee role is preferred.	No further action needed.
IA EA private meeting	1	Multiple meetings with the Chair have taken place on an ad hoc basis.	This should be formalised to ensure the Aduit Committee are aware of date of meeting so members can inform the chair of any issues if needed
Independent member considered	1	As not a legal requirement this is being paused – agreed with Chair of Audit Committee.	No further action needed.
Member led assessment		Complete- repeats annually	The Self-Assessment needs to be completed annually as part of the report to Council to cover progress and any weaknesses. Suggest Oct 2025
Minutes to go to Council	1	Started as from July 2024 meeting	In place
Officers to attend meetings as required	1	Started prior to July 2024 meeting	In place
Risk Register and Risk report to Audit Committee to inform AGS understanding	1	Now presented	This needs to be presented regularly and cover. <ul style="list-style-type: none"> <li>Assurance on governance of risk.</li> <li>Reviewing the risk profile.</li> <li>Monitoring the effectiveness of risk management arrangements.</li> </ul> Suggest 1 Oct 2025/ 1 April 2026

ToR update	2	Completed	Forward programme needed to cover responsibilities. Weakness in relation to: <ul style="list-style-type: none"> <li>Monitoring the counter-fraud strategy, underlying risk assessment and plan to address any weaknesses.</li> </ul>
Training	5	Completed	To consider further training, TBC
Work Programme	2	To consider at Audit Committee meeting on 25 June 2025 to ensure it covers all ToR responsibilities.	To consider at Audit Committee meeting on 25 June 2025 to ensure it covers all ToR responsibilities.
Grand Total	29		

### **Council to consider request for them to approve accounts**

- 3.2 The Council to Consider Audit Committee Request to move approval of Accounts back to Council. This needs to be a request made by the Audit Committee with reasons given, and if agreed the Audit Committee responsibility for review and assurance on the financial statements will not change, as they will still be making a recommendation to Council to adopt the accounts. Currently there is not a legal requirement to do this, but it is considering good practice by CIPFA. This will add time pressure to the process. To be in place for 2024/25 financial statements, this will need to have been agreed by before February 2026, or earlier if the External Audit is completed before then. . Members may want to consider leaving this until March 2026 for the 2025/26 financial statements to allow proper consideration by Council.

### **Independent member**

- 3.3 This is not a regulatory requirement currently.

### **Work Programme**

- 3.4 To ensure the new terms of reference are complied with a forward programme needs to be developed and agreed by the Audit Committee at the first meeting of the financial year. In particular there is a weakness in relation to not have a risk based fraud strategy and action plan, which has become more important in light of failure to prevent fraud offence introduced by the Economic Crime and Corporate Transparency Act 2023 (ECCTA). This new corporate criminal offence makes it illegal for large organizations to fail to prevent fraud committed by their employees, agents, subsidiaries, or other associated persons. The offence will come into effect on September 1, 2025.

### **Update to Work Programme to reflect updated ToR (2 out of 29 actions due by March 2025)**

3.5 Once the ToR is updated the Audit Committee Work programme will need to be updated to reflect any changes.

**4. Exemptions in accordance with the Access to Information procedure rules**

4.1 Report is taken in an open session.

**5. Financial implications [IB]**

5.1 None directly from this report

**6. Legal implications**

6.1 None directly from this report

**7. Corporate Plan implications**

7.1 Adoption of the proposal in this paper will contribute to the achievement of the following Corporate Aim of Empowering communities.

**8. Consultation**

8.1 None

**9. Risk implications**

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 There is no immediate risk to the Council.

**10. Knowing your community – equality and rural implications**

10.1 The Financial Statements and the audit process will allow local communities and groups to review the financial performance and stewardship of the Council.

**11. Climate implications**

11.1 None directly from this report.

## **12. Corporate implications**

- 12.1 By submitting this report, the report author has taken the following into account Audit Committee self-assessment and Action plan to ensure Corporate Governance is improved.
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Background papers:	None
Contact Officer:	Ashley Wilson, Ext 5609
Executive Member:	K Lynch

## Appendix 1: Self-assessment and action plan

Good practice questions	Action needed	Score	Simplified Action
<p>2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p><b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.</p>	<p>2</p>	<p>Complete Annual report, Needed by September.</p>
<p>3 Has the committee maintained its advisory role by not taking on any decision-making powers?</p>	<p>The answer to this is "no", as it makes decisions, so it does not maintain its advisory role. Therefore should score "0". It approves the financial statements and Annual Government statement on behalf of the Council. To avoid this it should recommend adoption by the Council, and the full Council would have to have the financial statements presented and agree the recommendation to adopt the accounts.</p> <p><b>Action:</b> This would add a lot of time pressure to the process, so I suggest we consider if this is an option we want to take or leave as is currently. This is currently a CIPFA preferred option and not required from a legal standpoint. Audit Committee to confirm content to remains as approving body until a legal requirement to move to full council approval.</p>	<p>2</p>	<p>Adoption by the Council is Cipa's preferred best practice, but The Accounts and Audit Regulations 2003, regulation 10 allows the statement of accounts as required by regulation 7(1) or regulation 7(6), as the case may be, shall be approved by a resolution of a committee of the</p>

Good practice questions	Action needed	Score	Simplified Action
			relevant body or otherwise by a resolution of the members of the body meeting as a whole. This is a proposal from the Audit Cttee, but full Council can decide to leave where it is until the regulation is changed
4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	<b>Action:</b> The ToR would need to be updated to cover the issues in the CIPFA recommended ToR. We have a copy and can update.	2	Update Tor as per CIPFA guide but note the approval may stay with the Audit Cttee.
5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	<b>Action:</b> Training needed for all members.	1	Training requested- Mazars to cover
6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	There is no formal mechanism for how this is done. <b>Action:</b> This could be incorporated into a formal reporting mechanism to the Council or SLT/S151 Officer as needed. Leave as a standing item for each Audit Committee if there are any such items to be reported.	1	Raise Issues as needed: include in Minutes to council
7 Does the governing body hold the audit committee to account for its performance at least annually?	There is no formal report. <b>Action:</b> This should be done annually and include a self-	0	Complete Annual report, Needed by September.

Good practice questions	Action needed	Score	Simplified Action
	review by the Audit Committee on how it feels it has done against its ToR.		
<p><b>8</b> Does the committee publish an annual report in accordance with the 2022 guidance, including:</p>	<p>There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.</p>	0	Complete Annual report, Needed by September.
<ul style="list-style-type: none"> <li>• compliance with the CIPFA Position statement</li> </ul>	<p>There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.</p>	0	Complete Annual report, Needed by September.
<ul style="list-style-type: none"> <li>• results of the annual evaluation, development work undertaken and planned improvements</li> </ul>	<p>There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.</p>	0	Complete Annual report, Needed by September.
<ul style="list-style-type: none"> <li>• how it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>	<p>There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.</p>	0	Complete Annual report, Needed by September.
<p><b>9</b> Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?</p>	<p>The Key aspects of the Audit Committee ToR as per the constitution a include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Approving the Annual Governance Statement and Statement of Accounts</li> <li>• Approving the external auditor's annual letter</li> <li>• Approving the internal audit plan and monitoring progress</li> <li>• Overseeing audits and monitoring compliance with recommendations</li> <li>• Monitoring the risk management framework and providing</li> </ul>	0	<p>To ensure work programme covers The Key aspects of the Audit Committee ToR as per the constitution a include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Approving the</li> </ul>

Good practice questions	Action needed	Score	Simplified Action
	<p>assurance</p> <ul style="list-style-type: none"> <li>• Monitoring the counter-fraud strategy.</li> </ul> <p><b>Action:</b> As well as listing in the ToR action is needed to make them part of the Audit Committee's work programme in an effective way.</p>		<p>Annual Governance Statement and Statement of Accounts</p> <ul style="list-style-type: none"> <li>• Approving the external auditor's annual letter</li> <li>• Approving the internal audit plan and monitoring progress</li> <li>• Overseeing audits and monitoring compliance with recommendations</li> <li>• Monitoring the risk management framework and providing assurance</li> <li>• Monitoring the counter-fraud strategy.</li> </ul>

Good practice questions	Action needed	Score	Simplified Action
Governance arrangements	<p><b>Action:</b> The Approval of the Governance Statement could be covered by a sperate report, it is currently approved as part of the Financial Statements.</p>	0	<p>The Approval of the Governance Statement could be covered by a sperate report, it is currently approved as part of the Financial Statements.</p>

<p>Risk management arrangements</p>	<p>Where a Local authority has a separate Committee that considers risk, then that needs to be considered in how it relates to the Audit Committee's role, based on CIPFA guidance. CIPFA notes that Scrutiny should not be mixed in with the Audit Committee, but tht the Audit Committee has to have a role in the governance of risk.</p> <p>Practical opportunities for joint working are in the publication, "Centre for Governance and Scrutiny: Audit committees and scrutiny committees working together."</p> <p>There are three components to audit committee risk management, which each have an intersection with scrutiny:</p> <p><b>Assurance on governance of risk.</b> This is about oversight of the framework; for scrutiny, it will involve developing familiarity with where leadership and responsibility lies on risk;</p> <p><b>Reviewing the risk profile.</b> Understanding where and how strategic risks are emerging and being managed is an important audit committee task, which may benefit from scrutiny's assistance;</p> <p><b>Monitoring the effectiveness of risk management arrangements.</b> It is likely that scrutiny can, through wider reviews of policy development, integrate an awareness of risk management into its work – ensuring that audit committee can be supported with a grounding in what is likely to constitute the most efficacious approach to understanding evaluating risk management arrangements. Risk is central to effective scrutiny.</p> <p>The role of the audit committee in relation to risk management is to gain assurance over the governance of risk, and covers three major areas.</p>	<p>1</p>	<p>The Audit Committee, as part of understanding the AGS, need to see the Corporate Risk Register at least once a year, with an explanation of how risks have been reviewed by Scrutiny, how the risks were derived and updated, and any risk that have fallen out and why, and any new risks and where they have come from. The Scrutiny Committee should consider if there are any issues that they feel should be brought to the attention of the Audit Committee in relation to the Audit Committee consideration of the AGS and a formal mechanism for capture these</p>
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	<ul style="list-style-type: none"> <li>• overseeing the authority's risk management policy and strategy and their implementation in practice</li> <li>• overseeing the integration of risk management into the governance and decision-making processes of the organisation</li> <li>• ensuring that the AGS is an adequate reflection of the risk environment.</li> </ul> <p><b>Actions,</b> The Audit Committee, as part of understanding the AGS, need to see the Corporate Risk Register at least once a year, with an explanation of how risks have been reviewed by Scrutiny, how the risks were derived and updated, and any risk that have fallen out and why, and any new risks and where they have come from. The Scrutiny Committee should consider if there are any issues that they feel should be brought to the attention of the Audit Committee in relation to the Audit Committee consideration of the AGS and a formal mechanism for capture these referrals should be established.</p>		referrals should be established.
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Good practice questions	Action needed	Score	Simplified Action
<p>Internal control arrangements, including:</p> <ul style="list-style-type: none"> <li>• financial management</li> <li>• value for money</li> <li>• ethics and standards</li> <li>• counter fraud and corruption</li> </ul>	<p>This appears to be a low score, as the Financial Management and Value for Money elements are covered by internal audit and External audit report, although the current position. External Audit has been an issue due to national back log. IA have a plan as do External Audit that is approved by the Audit Committee.</p> <p>Weak areas are ethics and standards, and Counter fraud and corruption.</p> <p><b>Ethics</b>, the Audit Committee should be informed of how the Council promote good governance, which usually links to the seven Principles of Public Life which form an important part of the Governance. The principles of conduct are: 1.Selflessness, 2.Integrity, 3.Objectivity, 4.Accountability, 5.Openness, 6.Honesty, and 7.Leadership</p> <p><b>Action:</b> The audit Committee needs to understand how the authority promotes these ethical values, so it needs a report noting how this is covered, and be updated on any issues where there is a breach of ethical standards and action taken to address them and prevent them happening again.</p> <p><b>Fraud</b>, the audit committee should have oversight of the authority's arrangements for managing the risks from fraud and corruption, providing assurance that they are fit for purpose.</p> <p>This includes</p> <ul style="list-style-type: none"> <li>• oversight of counter fraud plans and availability of resources and their effectiveness</li> <li>• reviewing the counter fraud strategy and considering whether it meets recommended practices</li> </ul>	<p>1</p>	<p>Work Programme to be undated to ensure the Audit Committee cover :</p> <ul style="list-style-type: none"> <li>• ethics and standards</li> <li>• counter fraud and corruption</li> </ul>

Good practice questions	Action needed	Score	Simplified Action
	<ul style="list-style-type: none"> <li>• championing good counter fraud and anti-corruption practice to the wider organisation</li> <li>• reviewing the fraud risk profile and estimate of fraud losses or potential harm to the organisation and its local community</li> <li>• reviewing the annual counter fraud plan of activity and resources, seeking assurance that it is in line with the strategy and fraud risk profile</li> <li>• monitoring the overall performance of the counter fraud function</li> <li>• overseeing any major areas of fraud identified and monitoring action plans to address control weaknesses</li> <li>• consideration of assurance provided by internal audit.</li> </ul> <p><b>Action:</b> We should start with presenting the Counter fraud strategy, then have a counter fraud plan (most likely we need IA to do this) then decide how we resource this as it will have a cost. We have reported the NFI findings recently.</p>		

Good practice questions	Action needed	Score	Simplified Action
Annual governance statement	<p>The Audit Committee do approve the AGS.  <b>Action:</b> We need to separate it from the Statements and report separately. Key aspects that the audit committee should consider when reviewing the AGS include:</p> <ul style="list-style-type: none"> <li>• whether the statement is user friendly for a lay reader</li> <li>• whether the statement focuses on evaluation, leading to a clear opinion of whether arrangements are fit for purpose and meet the principles of good governance</li> <li>• whether the AGS is an accurate representation of arrangements, consistent with other information known to the committee (committee members should be able to recognise their own authority's strengths and weaknesses)</li> <li>• whether it includes appropriate disclosures on conformance with specified codes and standards and is consistent with current CIPFA guidance</li> <li>• whether the AGS is supported by an appropriate action plan to implement the required improvements and if this is robust (if needed).</li> </ul>	1	The Approval of the Governance Statement could be covered by a sperate report, it is currently approved as part of the Financial Statements.
Financial reporting	<p>This is a low score; we do this reasonably well in normal times.  <b>Action:</b> We need to get the accounts to the Audit Committee with a covering report, some are a little behind with the current backlog, this has slipped, Also, the backlog on Audit of the financial statements needs sorting as well, but this is a national issue.</p>	1	Draft Accounts and AGS to Audit Cttee in July
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	<p><b>Action:</b> This need to be addressed in a revised audit Committee work plan.</p>	1	Audit Committee work programme to align with revised ToR.

Good practice questions	Action needed	Score	Simplified Action
<p><b>12</b> Has the committee met privately with the external auditors and head of internal audit in the last year?</p>	<p>This should be a 2 or 3, the chair has access and has met with them, if he wanted, he could meet with them. This would only be needed once a year, The Chair could organise this if desired.  <b>Action:</b> Have one Audit Committee a year with a 30 minute slot where officers do not attend, maybe a pre-Audit Committee meet.</p>	<p>1</p>	<p>Audit Committee to meet in private with internal and External Audit with no officers present at least once annually, usually covered by an informal discussion before Audit Committee.</p>
<ul style="list-style-type: none"> <li>• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>	<p>There is currently no legislation for this in England, but it is considered good practice and council are beginning to do this. CIPFA recommend it is done.          Note, In England and Wales, co-opted independent members cannot vote to approve the accounts under Section 13 of the Local Government and Housing Act 1989 (see Membership and effectiveness of the audit committee).  <b>Action:</b> To consider this requirement, and enquire of other local districts what action they have taken. No immediate urgency.</p>	<p>0</p>	<p>To consider co-opted independent member appointment. This is good practice but not a legal or regulatory requirement.</p>

Good practice questions	Action needed	Score	Simplified Action
<p><b>14</b> Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?</p>	<p>There is an expectation they have between them broad, but not specialist knowledge of the following:</p> <ul style="list-style-type: none"> <li>• Internal audit</li> <li>• Financial management and financial reporting</li> <li>• External audit</li> <li>• Risk management</li> <li>• Counter fraud</li> <li>• Values of good governance</li> <li>• Treasury management (only if it is within the terms of reference so optional)</li> </ul> <p>This can guide members on their training needs and support the evaluation of the overall knowledge and skills of the committee.</p> <p><b>Action:</b> provide training for the audit committee to cover these areas</p>	1	<p>Training requested- Mazars to cover. Set up following up training as requested by members as a taring programme</p>
<p><b>15</b> Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?</p>	<p>As above.</p>	0	<p>Training requested- Mazars to cover. Set up following up training as requested by members as a taring programme</p>
<p><b>16</b> Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?</p>	<p>This should be yes, as Training has been given by Finance and Internal Audit, but some of the new members may not have had the training.</p>	0	<p>Training requested- Mazars to cover. Set up following up training as</p>

Good practice questions	Action needed	Score	Simplified Action
	<b>Action:</b> Redo the training, provide copies of the training material to Audit Committee members.		requested by members as a training programme
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	Actions needed as above.	2	Training requested- Mazars to cover. Set up following up training as requested by members as a training programme
20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	<b>Action:</b> An annual report from the Audit Committee to Council would lead to the full council acknowledging the useful work done by the Audit Committee.	0	Complete Annual report, Needed by September.
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<b>Action:</b> Officers should begin to attend Audit Committee where a report covers their service, particularly if lower level of assurances are being given, or there are high level recommendations.	0	Officers are already attending as noted in minutes
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?	This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0". <b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit	0	Complete Annual report, Needed by September.

Good practice questions	Action needed	Score	Simplified Action
	<p>Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.</p>		
<p><b>26</b> Do audit committee recommendations have traction with those in leadership roles?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p><b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.</p>	<p>0</p>	<p>Complete Annual report, Needed by September.</p>
<p><b>27</b> Has the committee evaluated whether and how it is adding value to the organisation?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p><b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case</p>	<p>3</p>	<p>Complete Annual report, Needed by September.</p>

Good practice questions	Action needed	Score	Simplified Action
	for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.		
<p><b>28</b> Does the committee have an action plan to improve any areas of weakness?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p><b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. Including actions needed to improve on any of its own weaker areas of performance.</p>	<p><b>0</b></p>	<p>Complete Annual report, Needed by September.</p>