



Civic Centre,
Arnot Hill Park,
Arnold,
Nottinghamshire,
NG5 6LU

Agenda

Audit Committee

Date: **Tuesday 19 March 2019**

Time: **5.30 pm**

Place: **Committee Room**

For any further information please contact:

Alec Dubberley

Service Manager Democratic Services

0115 901 3906

Audit Committee

Membership

Chair Councillor Paul Feeney

Vice-Chair Councillor Bob Collis

Councillor Sandra Barnes
Councillor Chris Barnfather
Councillor Boyd Elliott
Councillor Helen Greensmith
Councillor Viv McCrossen

AGENDA

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Report of the Head of Internal Audit (RSM).
- 10 Any other item which the Chair considers urgent.**

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MINUTES AUDIT COMMITTEE

Tuesday 18 December 2018

Councillor Paul Feeney (Chair)

Councillor Bob Collis
Councillor Sandra Barnes
Councillor Boyd Elliott

Councillor Helen Greensmith
Councillor Alan Bexon

Absent: Councillor Chris Barnfather and Councillor Viv McCrossen

Officers in Attendance: A Ball, A Dubberley and M Hill

12 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS.

Apologies were received from Councillors Barnfather and McCrossen with Councillor Bexon attending as substitute.

13 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 24 JULY 2018.

RESOLVED:

That the minutes of the above meeting, having been circulated, be approved as a correct record.

14 DECLARATION OF INTERESTS.

None.

15 KPMG ANNUAL AUDIT LETTER 2017/18

The Service Manager Finance introduced a report, which had been circulated prior to the meeting, informing Members of the outcome of the external audit work in respect of 2017/18.

RESOLVED:

To accept the KPMG Annual Audit Letter for 2017/18, at Appendix A to the report, and recommend the report to Council on 30 January 2019.

16 CORPORATE RISK MANAGEMENT SCORECARD

The Service Manager Finance introduced a report, which had been circulated prior to the meeting, updating members on the current level of assurance that can be provided against each corporate risk.

RESOLVED:

To note the progress of actions identified within the Corporate Risk Register.

17 INTERNAL AUDIT PROGRESS REPORT 2018/19

Iain Daire, Assistant Audit Manager (RSM), introduced a report, which had been circulated prior to the meeting, summarising internal audit activity completed by the RSM Internal Audit Team for the period August 2018 to December 2018.

RESOLVED:

To note the report and actions taken or to be taken.

18 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT.

None.

The meeting finished at 6.15 pm

Signed by Chair:
Date:



Report to Audit Committee

Subject: The Local Code of Corporate Governance 2019/20

Date: 19 March 2019

Author: Monitoring Officer

1. Purpose of the Report

To seek approval for the updated Local Code of Corporate Governance 2019/20.

Recommendation

THAT: The Local Code of Corporate Governance for 2019/20 be approved.

2. Background

2.1 Corporate governance is the system by which organisations are directed and controlled and it became an important concept following the Cadbury Committee's report in 1992 on financial aspects of corporate governance. As a consequence, all local authorities have sought to demonstrate compliance with best practice by drawing up a Local Code of Corporate Governance, based on CIPFA/SOLACE Guidance first published in 2007.

2.2 In April 2016, CIPFA and SOLACE published the publication "Delivering Good Governance in Local Government: Framework" which is in essence an updated version of the original 2007 publication. However, amendments to the framework include an update to the Core Principles and sub principles to ensure organisations demonstrate good governance by "Achieving the Intended Outcomes While Acting in the Public Interest at all Times". The Framework makes it clear that it is up to each local authority to:

- Set out its commitment to the principles of good governance;
- Determine its own governance structures and local Code; and
- Ensure that it operates effectively in practice.

2.3 The Local Code of Corporate Governance should set out the governance structures the Council has in place to demonstrate how it complies with the Core principles and sub-principles. It is a 'living document' in that it must be periodically reviewed and amended to ensure that it satisfies the changing financial and corporate environment.

2.4 Members of the Committee will recall that on 12 September 2017 it was agreed that the process of review of the Code should be as follows:-

- Senior Leadership Team

The Senior Leadership Team (SLT) will review the Council's governance and risk management arrangements and identify a work programme for ensuring these arrangements remain robust and up-to-date as and when necessary. SLT will also proactively review issues which may arise during the course of the Council's day to day business and take steps to address them. SLT will report directly to the Audit Committee as and when necessary.

- The Audit Committee

The Audit Committee has overall responsibility for the Council's governance and risk management arrangements, and will be the main Member review of those arrangements. The Committee will approve any amendments to the Local Code.

2.5 At the end of the financial year, the Audit Committee will receive an annual report from the Chief Executive and Leader: the "Annual Governance Statement", which reports on the extent that the Council complies with its own Code of Corporate Governance and whether those arrangements are adequate and operating effectively. The Annual Governance Statement will accompany the Statement of Accounts report.

3. Proposal

In accordance with the agreed process, Senior Leadership Team has reviewed the Local Code on Corporate Governance and has made a number of minor amendments to ensure that it remains up to date and fit for purpose. For ease of reference the amendments are shown in strikethrough and italics for ease of reference. It is proposed that Audit Committee now approves the Local Code of Corporate Governance for 2019/20 attached at Appendix 1.

4. Resources Implications

None directly arising from this report.

5. Appendices

Appendix 1 - Local Code of Corporate Governance for 2019/20.

6. Background papers

None identified.

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LOCAL CODE OF CORPORATE GOVERNANCE 2019/20

Introduction

1. Governance arrangements in the public services are vitally important and local government organisations need to ensure that they meet the highest standards, are kept up to date and are relevant. Governance is about how the Council ensures resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and there is clear accountability for the use of those resources in order to achieve the desired outcomes for service users and communities.
2. CIPFA¹/SOLACE² have together produced a corporate governance framework which was updated for 2016/17. It is an integrated system that brings together an underlying set of legislative requirements, governance principles and management processes. The governance framework produced by CIPFA/SOLACE remains a discretionary code and is offered to local authorities as good practice.
3. In conducting its business, Gedling Borough Council is fully committed to the key principles of good governance set out in the CIPFA/SOLACE framework. The framework is underpinned by seven core principles. This Local Code of Corporate Governance sets out below how Gedling Borough Council demonstrates that its governance structures comply with these seven core principles.

Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Sub- principle	Actions to demonstrate good governance
Behaving with integrity	<ul style="list-style-type: none"> ▪ Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation. ▪ Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles). ▪ Leading by example and using the above standard operating principles or values as a framework for decision making and other actions. ▪ Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure

¹ Chartered Institute of Public Finance and Accountancy

² Society of Local Authority Chief Executives

	that they are operating effectively.
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> ▪ Seeking to establish, monitor and maintain the organisation's ethical standards and performance. ▪ Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. ▪ Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. ▪ Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.
Respecting the rule of law	<ul style="list-style-type: none"> ▪ Ensuring Members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations. ▪ Creating the conditions to ensure that the statutory officers, other key post holders, and Members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. ▪ Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders. ▪ Dealing with breaches of legal and regulatory provisions effectively. ▪ Ensuring corruption and misuse of power are dealt with effectively.

To demonstrate its commitment to Core Principle A Gedling Borough Council:

- Has developed and promotes a culture of behaviour based on shared values, high ethical principles and good conduct underpinned by the following:
 - Members' code of conduct
 - Officers' code of conduct
 - Protocol on member/officer relations
 - Gifts and Hospitality Code of Practice for Members and Officers, *which was reviewed in 2018/19*
 - Members' Register of Interests
 - Protocol for Members on dealing with planning matters
- Provides a comprehensive Elected Member induction programme which includes Code of Conduct training.
- Additional Member training is provided supported by a dedicated budget for Member training.
- Has approved arrangements for dealing with complaints that a councillor has breached the Code of Conduct.
- Has a Standards Committee, which is not politically biased, with responsibility for standards and probity issues.
- Is able to monitor and investigate officer behaviour through its corporate complaints procedure.
- On an annual basis reminds Members to keep their Register of Interests up to date.
- Maintains a register of gifts and hospitality for Officers and Members, which is reported to Standards Committee on an annual basis.
- Has an Audit Committee which has overall responsibility for the Council's

governance and risk management arrangements.

- *Will finalise the review of the Counter Fraud and Corruption Strategy, including whistleblowing procedures during 2019/20. The review will consider appropriate arrangements for an Officers' Register of Interests. Fraud awareness training will be delivered to Officers and Members and the Strategy published* ~~Has an established anti-fraud strategy, including whistle-blowing procedures, communicated to Members, Officers and the public and available on the Council's website.~~
- *Is developing new guidance for Officers in respect of establishing partnerships and the governance arrangements in respect of its significant partnerships and ongoing monitoring of these.*
- Has clear role specifications within the Constitution in respect of the Head of Paid Service, Chief Financial Officer and Monitoring Officer.
- Has introduced a Gedling Employee, Manager and Leader Standard which sets out behaviours expected by employees.
- Conducts annual Personal Development Reviews which include a review of behaviours in the workplace.
- Requires reports to be considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer.
- Has set out a Data Breach Management Policy within the Information Security Policy.
- Ensures commitment to paying the national minimum wage.
- Complies with the Public Contracts Regulations 2015 during procurement activity for the carrying out of works or provision of supplies or services.
- ~~Is conducting~~ *Has progressed* a comprehensive review of the Constitution during 2018/19 *which will be completed during 2019/20.*
- ~~Is conducting~~ a review of the Council's Equalities Policy during 2018/19-2019/20.
- *Has an approved Modern Slavery and Human Trafficking Transparency Statement and Modern Slavery Policy.*

Core Principle B - Ensuring openness and comprehensive stakeholder engagement

Sub-principle	Actions to demonstrate good governance
Openness	<ul style="list-style-type: none"> ▪ Ensuring an open culture through demonstrating documenting and communicating the organisation's commitment to openness. ▪ Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided. ▪ Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. ▪ Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.
Engaging	<ul style="list-style-type: none"> ▪ Effectively engaging with institutional stakeholders to ensure

<p>comprehensively with institutional stakeholders</p> <p><i>NB. Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable</i></p>	<p>that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p> <ul style="list-style-type: none"> ▪ Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. ▪ Ensuring that partnerships are based on: <ul style="list-style-type: none"> ○ Trust ○ A shared commitment to change ○ A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit
<p>Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> ▪ Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. ▪ Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement. ▪ Encouraging, collective and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds, including reference to future needs. ▪ Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account. ▪ Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. ▪ Taking account of the impact of decisions on future generations of tax payers and service users.

To demonstrate its commitment to Core Principle B Gedling Borough Council:

- Has an informative, user friendly website to share appropriate information with the community.
- Proactively provides information and interacts with the community through Contacts magazine, 'Keep me Posted' emails and social media, in particular Twitter and Facebook.
- Has arrangements in place to seek and respond to the views of the community by;
 - Consulting with residents about Council services and priorities through the bi-annual Gedling Conversation and Satisfaction Survey
 - Holding meetings in public wherever possible
 - Publishing agendas, minutes and decisions
 - Making provision in the Council's Procedural Standing Orders in the Constitution for the public to ask questions at Council meetings
 - Undertakes annual budget consultation with business ratepayers
 - Having effective relationships with other public sector agencies and the private and voluntary sectors
 - Undertaking miscellaneous consultation with residents and relevant

stakeholders including surveys, workshops and focus groups.

- Undertakes Equality Impact Assessments where appropriate to identify how the needs of particular groups have been considered to inform decision making.
- Has an approved Statement of Community Involvement ~~as part of~~ *to compliment the preparation of* the Local ~~Plan~~ *Development Framework*.
- Proactively engages in the health agenda through involvement in the Nottinghamshire Health & Wellbeing Board.
- Proactively engages in a number of partnerships including: D2N2, *Joint Planning Advisory Board*, Gedling Health & Wellbeing Delivery Group, South Notts Community Safety Partnership and Gedling Employment and Skills Group.
- Has a Freedom of Information Act Publication Scheme on the Council's website.
- Complies with the provisions of the Transparency Code.
- Requires officers to adhere to a calendar of dates for submitting, publishing and distributing timely reports.
- Sets out in the Financial Regulations appropriate control measures for entering into partnership arrangements.
- ~~Is developing~~ *Has developed and introduced* a Partnership Register, which identifies significant partnerships and potential impacts on the Council.
- Ensures reports to Cabinet include an analysis of alternative options together with the reasons for the recommendation contained within the report.
- Facilitates the filming and recording of public meetings where necessary.
- *Will develop and adopt a Community Engagement toolkit during 2019/20.*

Core Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits

Sub-principle	Actions to demonstrate good governance
Defining outcomes	<ul style="list-style-type: none"> ▪ Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions ▪ Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of the year or longer. ▪ Delivering defined outcomes on a sustainable basis within the resources that will be available. ▪ Identifying and managing risks to the achievement of outcomes. ▪ Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available.
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ▪ Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. ▪ Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints. ▪ Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where

	<p>possible in order to ensure appropriate trade-offs.</p> <ul style="list-style-type: none"> Ensuring fair access to services.
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To demonstrate its commitment to Core Principle C Gedling Borough Council:

- Has clearly set out its vision and priorities in the Gedling Plan.
- Reflects the Council's vision and strategic priorities through individual service plans. These are captured and monitored in the Council's performance management system, Pentana.
- Monitors delivery against the Gedling Plan through quarterly reports to SLT, Cabinet and Overview and Scrutiny Committee.
- Has developed and maintains proper financial management arrangements. These include agreeing a balanced budget before the start of each financial year together with a Medium Term Financial Plan which looks ahead four years; and an Annual Statement of Accounts that details the Council's financial position in the previous year.
- Regularly reviews risks at a corporate project and operational level and ensures that appropriate plans are in place to mitigate risks as far as possible.
- Has arrangements in place to publish the external auditor's report which includes a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- Has Procedural Standing Orders, Contract Standing Orders and Financial Regulations in place.
- Internal audit regularly reviews the risk and control framework and produces an annual report including an audit opinion on the adequacy and effectiveness of the Council's risk management, governance and control processes.
- Undertakes Equality Impact Assessments where appropriate to identify how the needs of particular groups have been considered to inform decision making
- Maintains an approach to fair access to services.
- Takes account of the Public Services (Social Value) Act 2012 requirements when undertaking procurement activity.

Core Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub-principle	Actions to demonstrate good governance
Determining interventions	<ul style="list-style-type: none"> Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind further impacts.
Planning interventions	<ul style="list-style-type: none"> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. Engaging with internal and external stakeholders in

	<p>determining how services and other courses of action should be planned and delivered.</p> <ul style="list-style-type: none"> ▪ Considering and monitoring risks facing each partner when working collaboratively including shared risks. ▪ Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances. ▪ Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. ▪ Ensuring capacity exists to generate the information required to review service quality regularly. ▪ Preparing budgets in accordance with objectives, strategies and the medium term financial plan. ▪ Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ▪ Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. ▪ Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. ▪ Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. ▪ Ensuring the achievement of 'social value' through service planning and commissioning.

To demonstrate its commitment to Core Principle D Gedling Borough Council:

- Ensures reports to *Cabinet and Portfolio holders* include an analysis of alternative options together with the reasons for the recommendation contained within the report.
- Requires service plans and performance indicators to be aligned to Council priorities set out in the Gedling Plan.
- Performance against the Gedling Plan is reported to and monitored by Senior Leadership Team, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all Members and is published on the Council's website.
- The Council's budget is developed to reflect the Council's priorities and the Council has a clear financial strategy including a Medium Term Financial Plan – budgets, plans and objectives are aligned.
- Requires reports to be considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer.
- Has introduced a project management framework, including the full use of business case development.
- Has ~~reviewed and~~ *an approved a new* Risk Management Strategy to ensure that risk management is embedded into the culture of the Council.
- *Will undertake a review of the Capital Strategy to provide a longer term view of capital investment requirements and sustainable funding during 2019/20.*

- Has arrangements in place to seek and respond to the views of the community by:
 - consulting with residents about Council services and priorities through the bi-annual Gedling Conversation and Satisfaction Survey
 - undertaking miscellaneous consultation with residents and relevant stakeholders

Core Principle E - Developing the entity's capacity including the capability of its leadership and the individuals within it

Sub-principle	Actions to demonstrate good governance
Developing the entity's capacity	<ul style="list-style-type: none"> ▪ Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness. ▪ Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. ▪ Recognising the benefits of partnerships and collaborative working where added value can be achieved. ▪ Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.
Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> ▪ Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. ▪ Publishing a statement that specified the types of decisions that are delegated and those reserved for the collective decision making of the governing body. ▪ Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority. ▪ Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> - Ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged. - Ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weakness both internal and external ▪ Ensuring that there are structures in place to encourage

	<p>public participation</p> <ul style="list-style-type: none"> ▪ Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections ▪ Holding staff to account through regular performance reviews which take account of training or development needs ▪ Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.
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To demonstrate its commitment to Core Principle E Gedling Borough Council:

- Has a comprehensive Member Induction Programme and additional Member Training is provided supported by a dedicated budget for Member training.
- Has an accredited training centre and is a registered provider for Apprenticeship training.
- Has a dedicated corporate employee training budget.
- Performance and Development Reviews are undertaken for all members of staff at least annually. The process offers the opportunity to discuss performance and to identify any training and development needs.
- Requires the Service Manager, Organisational Development to be consulted on staffing reports to ensure that team structures are fit for purpose and staffing resources are used to best effect.
- Operates a robust recruitment and selection process.
- Has a raft of HR policies and procedures in place which are included in the Employee handbook and is available on the intranet.
- Adopts and publishes an annual Pay Policy statement that sets out the Council's approach to pay and provides links to relevant policies and procedures.
- Has an adopted agile working strategy and is working to facilitate flexible and agile working.
- Has introduced the principles of Timewise as a means of maximising the opportunity for current and prospective employees to work in a more agile manner and in doing so encourage a wider pool of applicants to vacant posts.
- Provides access to occupational health arrangements and counselling services, under an Employee Assistance Programme, to help improve employee wellbeing and ensure that sickness absence is kept to a minimum.
- Promotes health and wellbeing through a staff e-newsletter, Well At Work initiatives and an annual Health Fair.
- Has secured the Well-being at Work Bronze Award.
- Through the STEPs Group arranges an annual Staff Conference and events under the banner of 'Our Gedling'.
- Clearly set out roles and responsibilities of Senior Members and statutory officers in the Constitution. Roles and responsibilities of Officers are clearly set out in job descriptions and person specifications.
- ~~Is in the process of drawing together~~ *Has developed and introduced a* Partnerships Register which will be reviewed regularly to ensure value is being derived from the collaborative arrangements.
- Has set out a Scheme of Delegation within the Constitution.
- Requires Members of the Planning Committee and Environment and Licensing Committee to undertake mandatory training.
- Clearly sets out the role of the Leader and Chief Executive within the Council's Constitution.
- ~~Is conducting~~ *Has progressed* a comprehensive review of the Constitution during

2018/19 which will be completed during 2019/20.

- Is conducting a review of the Council's Equalities Policy during 2018/19-2019/20.
- Will introduce and implement a Workforce Strategy during 2019/20.
- Ensures that performance against the Gedling Plan and agreed budget is reported to and monitored by the Senior Leadership Team, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all Members and is published on the Council's website.

Core Principle F – Managing risks and performance through robust internal control and strong public financial management

Sub-principle	Actions to demonstrate good governance
Managing Risk	<ul style="list-style-type: none"> ▪ Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making ▪ Implementing robust and integrated risk management arrangements and ensuring that they are working effectively ▪ Ensuring that responsibilities for managing individual risks are clearly allocated
Managing performance	<ul style="list-style-type: none"> ▪ Monitoring service delivery effectively including planning, specification, execution and independent post implementation review ▪ Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook ▪ Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (Or, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making ▪ Providing Members and senior management with regular reports on service delivery plans and on progress towards an outcome achievement ▪ Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)
Robust internal control	<ul style="list-style-type: none"> ▪ Aligning the risk management strategy and policies on internal control with achieving objectives ▪ Evaluation and monitoring risk management and internal control on a regular basis ▪ Ensuring effective counter fraud and anti-corruption arrangements are in place ▪ Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor ▪ Ensuring and audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> - Provides a further source of effective assurance regarding

	<p>arrangements for managing risk and maintaining an effective control environment</p> <ul style="list-style-type: none"> - That its recommendations are listened to and acted upon
Managing data	<ul style="list-style-type: none"> ▪ Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data ▪ Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies ▪ Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring
Strong public financial management	<ul style="list-style-type: none"> ▪ Ensuring financial management is integrated at all levels of planning and control, including management of financial risks and controls ▪ Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

To demonstrate its commitment to Core Principle F Gedling Borough Council:

- Has put in place assurance arrangements which conform with CIPFA's requirements.
- The Council has appointed an Audit Committee which can report to Full Council if it considers necessary.
- A Risk Management Strategy that is led by Senior Management for the identification and evaluation of Corporate Risks, and integrated with the work of Internal Audit to provide an holistic source of assurance aligned to corporate objectives.
- The Risk Management Strategy is periodically reviewed by the Audit Committee along with a quarterly review of the corporate Risk Register.
- The Council has contracted with RSM to provide an internal audit service. Internal auditors are independent and have access to all people, premises and systems. An annual report is presented to the Audit Committee.
- The Annual Audit Plan is shaped through an assessment of the Council's key strategic risk areas and critical services.
- Results of audit reviews are reported to the Audit Committee along with follow up work to ensure that the recommendations have been implemented.
- Financial systems are reviewed annually to ensure appropriate, effective controls are in place.
- External audit reports to the Audit Committee annually on the results of the audit of the financial statements.
- Through the Chief Financial Officer, Members are advised on the robustness of estimates and the adequacy of reserves set within the budget process.
- The Annual Governance Statement considers the internal control framework, and is presented to the Audit Committee annually with the Statement of Accounts.
- Ensures that effective arrangements are in place for the discharge of statutory officer roles by defining roles and responsibilities in the Constitution.
- Ensures compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful by:
 - requiring all reports to be considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer

- requiring all Council and Cabinet reports to be considered by Senior Leadership Team prior to inclusion in the agenda
- Has financial management arrangements in place which conform with the requirements of the CIPFA statement on the role of Chief Financial Officer in Local Government and with statutory provisions in the Local Government Act 1972, the Local Government Act 1988 and the Accounts and Audit Regulations 2015.
- Has put in place Financial Regulations and Contract Standing Orders and provided training to the relevant staff.
- Through Senior Leadership Team, carries out a quarterly review of corporate risks to ensure that they are relevant, whilst at the same time reviewing risk appetite.
- Ensures that performance against the Gedling Plan and agreed budget is reported to and monitored by the Senior Leadership Team, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all Members and is published on the Council's website.
- Publishes an up to date Forward Plan to enable forthcoming key decisions to be scrutinised at the earliest opportunity by Overview and Scrutiny Committee.
- Ensures Overview and Scrutiny Committee has sufficient access to Cabinet Portfolio Holders, key officers and information for the purpose of constructive challenge.
- ~~Is in the process of carrying out~~ *Has carried out* a review of the effectiveness of the scrutiny function.
- *Will finalise the review of the Counter Fraud and Corruption Strategy, including whistleblowing procedures during 2019/20 to ensure effective arrangements are in place. Ensures that effective arrangements for whistle-blowing are in place. This will be published on the website and be accessible to which officers and those contracting with or appointed by the Council have access.*
- Has robust arrangements in place for:
 - Managing data.
 - Training staff and Members in relation to information governance
 - Ensuring data security breaches are reported and dealt with appropriately as set out in the Information Security Policy
 - Setting out how data shall be dealt with in the Information Security Policy and Records Retention and Disposal Policy
 - Ensuring appropriate Information Sharing Agreements signed off by the Data Protection Officer are in place.
- ~~Is conducting~~ *Has progressed* a comprehensive review of the Constitution during 2018/19 *which will be completed during 2019/20.*
- *Has introduced a project management framework, including the full use of business case development.*

Core Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Sub-principle	Actions to demonstrate good governance
Implementing good practice in transparency	<ul style="list-style-type: none"> ▪ Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate

	<ul style="list-style-type: none"> Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand
Implementing good practices in reporting	<ul style="list-style-type: none"> Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way Ensuring Members and senior management own the results reported Ensuring robust arrangements for assessing the extent to which the principles contained in this framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement) Ensuring that this framework is applied to jointly managed or shared service organisations as appropriate Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations
Assurance and effective accountability	<ul style="list-style-type: none"> Ensuring that recommendations for corrective action made by external audit are acted upon Ensuring an effective internal audit service with direct access to Members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met

To demonstrate its commitment to Core Principle G Gedling Borough Council:

- Operates under Executive arrangements with an established Overview and Scrutiny Committee.
- Monitors compliance with the Freedom of Information Act and Access to Information Act and deals with FOI requests through an Information and Practice Manager.
- Adopts a presumption of openness and transparency and publishes key information on its website. The Council has a Publication Scheme and publishes information in accordance with the Code on Data Transparency.
- Through reviews by external auditors, internal audit and Senior Leadership Team seeks ways of ensuring that value for money is achieved and for securing continuous improvement in the way in which its functions are exercised.
- Has an effective corporate complaints system which is managed through Customer Services. All complaints are monitored and evaluated, through a quarterly report to Senior Leadership Team.
- Ensures that performance against the Gedling Plan and agreed budget is

reported and monitored by the Senior Leadership Team, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all members and is published on the Council's website.

- Ensures that all agendas, reports and minutes are published on the Council's website.
- Seeks to minimise the number of and sections of reports which need to be considered in the confidential section of Council, Committee and Cabinet meetings.
- Issues guidance to staff to ensure that the requirements of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and Openness of Local Government Bodies Regulations 2014 are complied with.
- Determines that the Chief Executive is responsible and accountable for all aspects of operational management.
- Records in the minutes of the proceedings of a "budget decision meeting" of Council the names of the Members who voted or abstained.
- When working in partnership, will take steps to develop working protocols, robust procedures for scrutiny of decisions and behaviour, and ensure meetings are held in public.
- ~~Will respond accordingly~~ *Has put in place measures to respond to the new GDPR requirements, including appointing a Data Protection Officer and deputies. from May 2018.*
- *Has introduced the recording of the number of votes cast for, against and abstentions in the minutes of full Council meetings.*



Report to Audit Committee

Subject: Corporate Risk Management Scorecard

Date: 19 March 2019

Author: Deputy Chief Executive and Director of Finance

1. Purpose of the Report

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

Recommendations:

That Members:

- note the progress of actions identified within the Corporate Risk Register.

2. Background

The current Risk Management Strategy & Framework was last considered and approved by the Cabinet in October 2017.

The purpose of the Strategy and Framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles and responsibilities for risk, and it sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management framework and the associated control environment. This includes the monitoring of the framework and ensuring the implementation of all audit actions.

The Corporate Risk Register is a key enabler of the Strategy and Framework, and provides assurance on the key risks identified as corporate risks.

Existing risks identified within both the Council's corporate and operational service risk registers are subject to quarterly review by senior management and on an ongoing basis through the work of Internal Audit.

3. Corporate Risk Register

This new approach has meant that significant changes have been made to the monitoring of risks and the subsequent reporting arrangements to this committee. This has meant that some of the risks included within the corporate risk register have been set at a relatively high score with the expectation that as mitigation measures are properly recorded or actions taken, then these risks should start to improve over the coming months. This is not to say that all risks will return to 'green', as mitigation measures can only go so far, and some risks may always be inherently 'red' or 'amber' as the score reflects the potential impact on the Council and the likelihood of that event occurring.

The Corporate Risk Register and supporting comments as at the end of December 2018 are appended to this report, and this includes a summary of all control gaps currently identified on the Council's Corporate Risk Register.

4. Resource Implications

To be delivered within existing budgets.

5. Appendices

Appendix 1 - Corporate Risk Register Monitoring – Quarter 3, December 2018

Appendix 2 - Risk Management Scoring Matrix

Appendix 1 - Corporate Risk Register Monitoring – Quarter 3, December 2018

1	<p>FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN – IMPROVEMENT</p> <p>Definition:</p> <p><i>Shorter term implications of overspending budgets or not collecting as much income as forecasted. This can cause adverse impact on Council balances.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> Budget and Performance Plan Monitoring Quarter 3 – report to Cabinet in January projected a £250k underspend for 2018/19 and confirmed that delivery of the efficiency programme is progressing well. The Council’s budget monitoring processes are robust, highlighting at the earliest opportunity any variances which need to be addressed. <p>There are no actions outstanding, consequently there are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>
2	<p>FAILURE TO MAINTAIN FINANCIAL INTEGRITY</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: RED – IMPROVEMENT</p> <p>Definition:</p> <p><i>Affecting the ability of the Council to meet its financial commitments in the longer term.</i></p> <p>Key Risk Driver: Financial Impact</p>

	<p>Raw Risk Value: Critical - £1m+</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The Council's financial position remains extremely challenging and future funding remains uncertain but the actions completed during the quarter have resulted in an improvement in the assessed current risk level from critical to major.</p> <p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> • Plans to deliver the £1.1m efficiency target which was set by Council in March 2018 were finalised at £1.35m and have now been approved by Council; • A full suite of budgets reports were developed, incorporating a balanced medium term financial plan 2019/20 to 2023/24 and setting out the council's funding position and the associated risks remaining due to the uncertainties surrounding the Fair Funding Review, Business Rates Retention and New Homes Bonus. The budget was approved by Council in March; • Dynamic Council Programme is ongoing and is supporting the delivery of the Council's efficiency programme on four separate themes: digitalisation, agile working, demand management, and commercialisation. Improvement to the project management processes have been implemented to support the effective delivery of the programme; • Brexit impact report presented to Cabinet on the potential risks of Brexit which has been recognised as a new risk to the achievement of a balanced Medium Term Financial Plan. <p>Actions outstanding:</p> <ul style="list-style-type: none"> • Completion of Dynamic Council Projects e.g. the Commercial Property Investment Strategy to be considered by Cabinet in March and Council in April 2019; • Implementation of Advertising, Sponsorship and Marketing strategies; • Ongoing delivery of efficiency programme. • Continuing consideration of Council's funding position
3	<p>FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p>

	<p>Definition:</p> <p><i>Ineffective systems, processes and equipment that can present danger to individuals or groups of employees.</i></p> <p>Key Risk Driver: Health & Safety</p> <p>Raw Risk Value: Major – Loss of life / major illness</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> • Further training provided to managers on the electronic health and safety system 'AssessNET'; • Implementation of emergency evacuation templates has commenced. <p>Actions outstanding:</p> <ul style="list-style-type: none"> • Development of risk assessments expected by June 2019 • Full implementation of emergency evacuation templates
4	<p>FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Associated with the particular nature of each profession, internal protocols, managerial abilities, and sickness levels.</i></p> <p>Key Risk Driver: Service Provision</p> <p>Raw Risk Value: Serious – Significant elements of a service suspended / reduced</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>As a consequence of budget pressures, decreasing workforce, increasing workload and customer expectations we are seeing an impact on capacity and resilience which may result in a potential reduction in performance. Work is needed to help improve organisational capacity and resilience by developing the skills and abilities of key leaders and staff.</p> <p>Actions completed during quarter 3:</p>

	<ul style="list-style-type: none"> • Agile working strategy to support a more flexible working environment was considered by SLT with further work in respect of digital aspects still to be finalised; • Market premia have been added to two Planning roles - in some areas, recruitment and retention of staff is a problem for the Council to remain competitive, particularly where recruitment competes with the private sector. This is however a specific problem with respect to experienced technically qualified professional staff, where honorariums and market supplements are being used to combat the difficulties. <p>Actions outstanding:</p> <ul style="list-style-type: none"> • Development of Benefits Statement expected by June 2019 – highlighting benefits of working for the Council • Development of Workforce Strategy by August 2019 - to ensure that staff are creative, flexible and have the right skills to respond positively to the challenges that lie ahead.
5	<p>FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: RED – DETERIORATION</p> <p>Definition:</p> <p><i>The capacity of the Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. Challenges over the security, storage and retention of both electronic and manual records, and data.</i></p> <p>Key Risk Driver: Objectives</p> <p>Raw Risk Value: Major – Directorate objectives not met</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> • New Risk identified – Abris Housing System unable to provide assurance for GDPR compliance, work is ongoing to agree system amendments. The addition of this risk has raised the current risk level assessment from significant to major; • General Data Protection Regulations - progress made in delivery of the project plan to ensure the Council responds to the requirement of the act, including further staff training; • Ongoing implementation of the Digital Strategy which sets out a

	<p>requirement that the technological solutions we invest in are used to their full potential.</p> <p>Actions outstanding:</p> <ul style="list-style-type: none"> • Cyber Security risk assessment – first draft has been considered by SLT and final version due to be completed by March 2019; • GDPR – continuing implementation of the project plan, including implementation of the internal audit review completed in quarter 4; • Abritas System – as above – system amendments to be agreed and implemented.
6	<p>FAILURE TO PROTECT & UTILISE PHYSICAL ASSETS</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Buildings that are fit for purpose, safe, secure, and meet legislative requirements for fire, asbestos, and water-testing. Land, buildings and other assets to be recorded on a database.</i></p> <p>Key Risk Driver: Health & Safety</p> <p>Raw Risk Value: Major – Loss of life / major illness</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> • Policy and Property risk review - recommended actions all complete. <p>Actions outstanding:</p> <ul style="list-style-type: none"> • Fire Risk assessments to be updated and input to AssessNET by end of quarter 4. • Asset Management Plan and Property Review will be completed during 2018/19. • A full condition survey of all council-owned buildings will be completed by March 2020. • Park Risk Review – improvement actions arising from the risk assessment of parks assets will be implemented by the end of the financial year, including the adoption of risk based approach to site inspection regime. A tree register needs to be developed to support this work. • Counter Terrorism Review – report pending, actions to be implemented by March 2020.

7	<p>FAILURE TO REACT TO CHANGES IN LEGISLATION</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Associated with current or potential changes in national or European law which can lead to possible breaches of legislation. Assessing the wider implications of new legislation on both the Council and its residents.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Major - £500k - £1m</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> • Homelessness Reduction Act 2017 – two properties have been leased to provide additional temporary accommodation; • Personal budgeting support and assisted digital support has been delivered as requested to support individuals in applications for Universal Credit. The Government has now deferred the full roll-out of Universal Credit so the expected impact will be reduced until further decisions are announced; • General Data Protection Regulation and Data Protection Act – continuing good progress with the project plan to ensure compliance and a new risk has been identified in respect of the Abritas system, as detailed above; • New Risk Added – report to Cabinet on Brexit, potential risk of legislation changes that need to be complied with.
8	<p>FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Associated with the failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p>

	<p>Corporate Risk Register Outstanding Controls:</p> <p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> • New Risk Added – report to Cabinet on Brexit recommended a review of contractual relationships and supply chains to ensure services can continue with least disruption; • Procurement Support - agreement in principle to secure services from Bolsover DC for a 3 year period; • Procurement System training completed. <p>Actions outstanding:</p> <ul style="list-style-type: none"> • Procurement Support – contract for support to be finalised in quarter 4 and future system provision to be determined; • Client officer and construction management course and Permit-to-Work training to be delivered in quarter 4; • Review of partnerships register and partnership governance arrangements in respect of significant partnerships to be completed during quarter 4.
9	<p>INABILITY TO DEFEND ONE-OFF CHALLENGES TO A COUNCIL DECISION OR NEW COMPENSATION TREND EMERGES</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE</p> <p>Definition:</p> <p><i>Councils are increasingly vulnerable to judicial reviews and new compensation claims.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> • Risk Assessments – resource has been provided to assist services areas to add risk assessments to the system. <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>

10	<p>FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE</p> <p>Definition:</p> <p><i>Related to channel shift to more digital on-line services but retaining the availability of face-to-face services. Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>
11	<p>FAILURE TO PREVENT DAMAGE TO THE COUNCIL’S REPUTATION</p> <p>Owner: Karen Bradford</p> <p>Current Risk and Direction of Travel: GREEN – No Change</p> <p>Definition:</p> <p><i>Related to the Council’s reaction to a specific event or issue, or generally a downturn in quality of service.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p> <p>Quarterly monitoring of performance information by SLT is an embedded process and timely management action is taken to address any service quality issues arising.</p>

12	<p>FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT OR MALICIOUS ACT</p> <p>Owner: Karen Bradford</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE</p> <p>Definition:</p> <p><i>Council reaction to a natural occurrence e.g. widespread flooding, or other events such as fire and explosions.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> • Emergency Planning training event attended by key staff; • Business Continuity policy created for SLT consideration. • Winter preparedness review completed and a checklist produced to assess all requirements. <p>Actions outstanding:</p> <ul style="list-style-type: none"> • Review of Business Continuity plans to be completed in 2019/20. <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>
13	<p>FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS</p> <p>Owner: Karen Bradford</p> <p>Current Risk and Direction of Travel: GREEN- NO CHANGE</p> <p>Definition:</p> <p><i>Relating to the effects of changes in demographic, residential, or socio-economic trends on the Council's ability to meet its objectives.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Serious– Adverse regional publicity</p> <p>Corporate Risk Register Outstanding Controls:</p>

	<p>Actions completed during quarter 3:</p> <ul style="list-style-type: none"> • New action identified – attendance at poverty planning meeting – first meeting in February to develop action plan. <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p> <p>The Senior Leadership Team receives economic indicator reports on a bi-annual basis that reports over the themes of homelessness, new homes, benefits and income, and local economy. SLT reflect on these demographic trends and ensure they are fully reflected in service planning processes to ensure needs continue to be met.</p>
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HIGH RISK AUDIT RECOMMENDATIONS RAISED IN PREVIOUS YEARS BUT NOT YET IMPLEMENTED:

There are no high risk audit recommendations from previous years that have not been addressed and implemented.

HIGH RISK AUDIT RECOMMENDATIONS RAISED IN THIS FINANCIAL YEAR:

None to date

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

Date refreshed: **31 December 2018**

Likelihood	Very High	E							
	High	D				2			
	Significant	C		4	3, 6, 7	5			
	Low	B	1,10,12	11,13	8				
	Very Low	A			9				
			1	2	3	4	5		
			Negligible	Minor	Serious	Major	Critical		
			Impact						

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Report to Audit Committee

Subject: Certification of Claims and Returns - Annual Report 2017/18

Date: 19 March 2019

Author: Deputy Chief Executive and Director of Finance

1. Purpose of the Report

The Public Sector Audit Appointment requires its external auditors to prepare an annual report on the claims and returns it certifies for each client.

The attached letter is KPMG's annual report for the certification work undertaken for 2017/18 at Gedling Borough Council which covers one claim, the Housing Benefit Subsidy claim. KPMG have not made any recommendations for improvements to the Housing Benefit Subsidy claims completion process during the 2017/18 audit.

Recommendations:

That Members:

- note the report.

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Private & confidential

Mike Hill
Deputy Chief Executive and
Director of Finance
Gedling Borough Council
Civic Centre, Arnot Hill Park,
Arnold,
Nottingham
NG5 6LU Address

Our ref AB/GBC/Grants

Contact Andrew Bush

26 February 2019

Dear Mike

Gedling Borough Council - Certification of claims and returns - annual report 2017/18

Public Sector Audit Appointments requires its external auditors to prepare an annual report on the claims and returns certified for each audited body. This letter is our annual report for the certification work we have undertaken for 2017/18.

In 2017/18 we carried out certification work on only one claim or return, the Housing Benefit Subsidy claim. The certified value of the claim was £25.2 million, and we completed our work and certified the claim on 30 November 2018.

Matters arising

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Our work identified two errors in our initial testing where we were able to undertake 100% testing over the respective sub-populations for the types of error. This allowed us to amend the claim in line with DWP guidance.

Our initial testing did not identify any errors in relation to underpayments recovered against an overpayment in the same period that had been offset incorrectly. However, given the nature of the population and the errors identified in our 2016/17 qualification letter, we undertook an additional sample of 40 rent allowances cases from the respective sub population.

Our additional testing identified five cases of underpaid benefit (total value of these five cases was £847), two cases of overpaid benefit (total value of the error was £758) and one case that resulted in no impact on subsidy but a benefit misclassification. The results of which are summarised fully in a qualification letter to the DWP.

We have made no recommendations to the Authority to improve its claims completion process. There were no recommendations made last year and there are no further matters to report to you regarding our certification work.

Certification work fees

Public Sector Audit Appointments set an indicative fee for our certification work in 2017/18 of £10,562. Our actual fee was the same as the indicative fee, and this compares to the 2016/17 fee for this claim of £10,313.

Yours sincerely



Andrew Bush
Engagement Lead

This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Bush, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to andrew.sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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Report to Audit Committee

Subject: Mazars 2018/2019 External Audit Plan

Date: 19 March 2019

Author: Deputy Chief Executive and Director of Finance

1. Purpose of the Report

The attached report prepared by Mazars, the Council's External Auditor, sets out the External Audit Plan and associated key deliverables in respect of the audit/review and report on the 2018/19 Financial Statements (including the Annual Governance Statement) and the Value for Money Arrangements of the Council.

Recommendations:

That Members:

- receive the report and accept the Mazars External Audit Plan for 2018/19 and recommend the report to full Council.

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CONTENTS

1. Engagement and responsibilities summary
2. Your audit engagement team
3. Audit scope, approach and timeline
4. Audit risks and key judgement areas
5. Value for Money
6. Fees for audit and other services
7. Our commitment to independence
8. Materiality and misstatements

Appendix A – Key communication points

Appendix B - Forthcoming accounting and other issues

Appendix C – Mazars' client service commitment

This document is to be regarded as confidential to Gedling Borough Council. It has been prepared for the sole use of the Audit 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 Committee Members
Gedling Borough Council,
Civic Centre,
Arnot Hill Park
Arnold
Nottingham
NG5 6LU

19 March 2019

Dear Sirs / Madams

Audit Strategy Memorandum – Year ending 31 March 2019

We are pleased to present our Audit Strategy Memorandum for Gedling Borough Council for the year ending 31 March 2019.

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 Gedling Borough Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

This document also contains specific appendices that outline our key communications with you during the course of the audit, and forthcoming accounting issues and other issues that may be of interest.

Client service is extremely important to us and we strive to continuously 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 0115 964 4744.

Yours faithfully



David Hoose
Mazars LLP

1. ENGAGEMENT AND RESPONSIBILITIES SUMMARY

Overview of engagement

We are appointed to perform the external audit of Gedling Borough Council (the Council) for the year to 31 March 2019. 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/audit-quality/statement-of-responsibilities/>.

Our responsibilities

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:



We are responsible for forming and expressing an opinion on the financial statements.

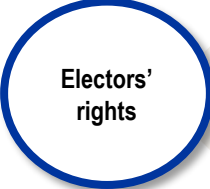
Our audit is planned and performed so to provide reasonable assurance that the financial statements are free from material error and give a true and fair view of the financial performance and position of the Council for the year.



We are required to issue an assurance statement to the National Audit Office confirming the income, expenditure, asset and liabilities of the Council.



We are required to conclude whether the Council has proper arrangements 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.



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.

Our audit does not relieve management or those charged with governance, of their responsibilities. 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. 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.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of disclosures made.

For the purpose of our audit, we have identified the Audit Committee as those charged with governance.

2. YOUR AUDIT ENGAGEMENT TEAM



David Hoose
Partner

E-Mail: david.hoose@mazars.co.uk
Tel: 0115 964 4744.



Anita Pipes
Manager

E-Mail: anita.pipes@mazars.co.uk
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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 business which we consider to have a higher risk of material misstatement, such as those affected 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.

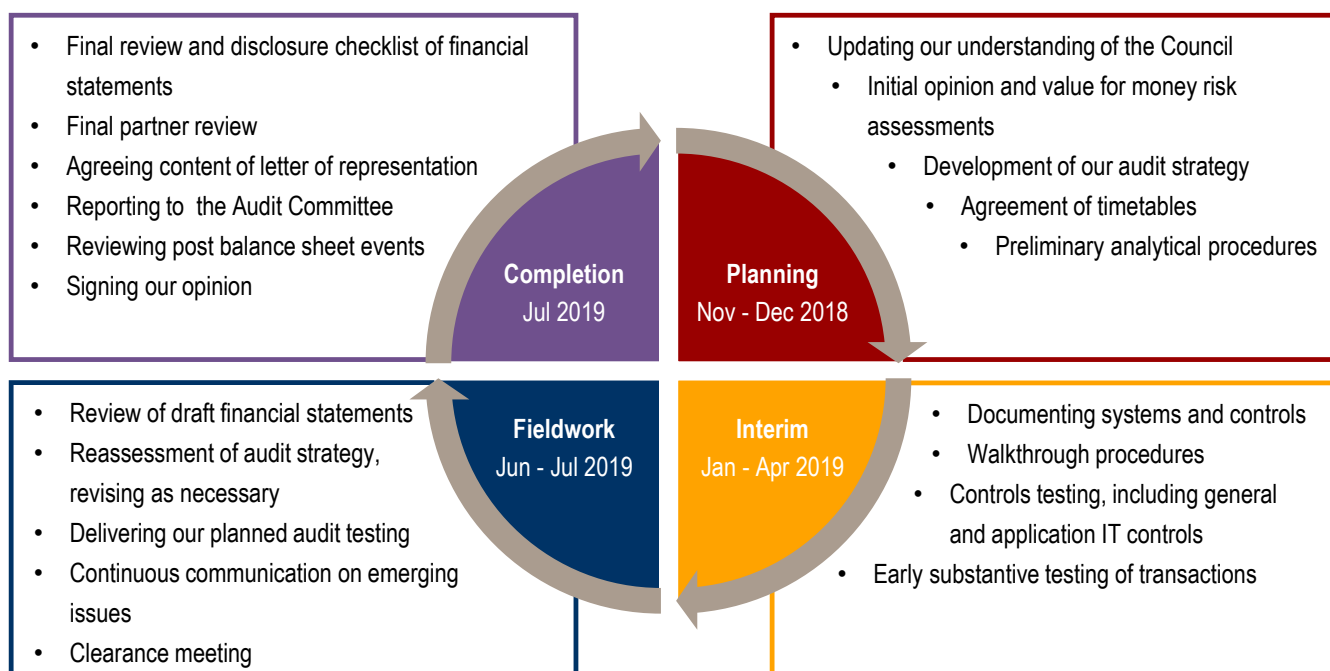
Audit approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

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 below outlines the procedures we perform at the different stages of the audit.



3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)

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.

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.

Items of account	Management's expert	Our expert
Defined benefit liability	Barnett Waddingham <i>Actuary for Nottinghamshire Pension Fund</i>	PWC <i>Consulting actuary appointed by the NAO</i>
Property, plant and equipment valuation	Katie Walters <i>The Council's internal valuer</i> Lambert Smyth Hampton <i>Valuation of the Civic Centre</i>	Gerald Eve <i>Valuations expert appointed by the NAO</i>
Financial instrument disclosures	Link Asset Services <i>Treasury management advisors</i>	Not applicable

Service organisations

International Auditing Standards (UK) 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. The table below summarises the service organisations used by the Council and our planned audit approach.

Items of account	Service organisation	Audit approach
Pension cost (cost of services) Net interest on defined benefit liability Re-measurements of the net defined benefit liability (OCI) Net pension liability	Nottinghamshire Pension Fund <i>The IAS 19 pension entries that form part of the Council's financial statements are material and are derived from actuarial valuations. The process of obtaining these is co-ordinated by and uses information held and processed by the service organisation.</i>	We will review the controls operating at the Council over these transactions to gain an understanding of the services provided by the service organisation. Where we conclude that we do not have a sufficient understanding of the services provided by the service organisation we will seek to obtain assurance by using another auditor to perform procedures that will provide the necessary information about the relevant controls at the service organisation.

4. AUDIT RISKS AND KEY JUDGEMENT AREAS

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

- Significant risk**

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.
- 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 incorporate 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, 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.

The summary risk assessment, illustrated in the tables below, highlight those risks which we deem to be significant or enhanced. We have summarised our audit response to these risks over the next pages.

At the time of writing this memorandum we are yet to complete our detailed risk assessment work over the Council’s key financial systems and general IT controls. We aim to complete this work as part of our interim visit in March and will update the Audit Committee where we subsequently identify any additional risks.



4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. 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 the Audit Committee.

Significant risks

	Description of risk	Planned response
1	<p>Management override of controls</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>	<p>In relation to the management override of controls we will:</p> <ul style="list-style-type: none">• Document our understanding of the processes and controls in place to mitigate the risks identified, and walk through those processes and controls to confirm our understanding;• Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;• Review the calculation of management’s material accruals, estimates and provisions for evidence of management bias;• Evaluate the business rationale for any significant unusual transactions;• Understand the oversight given by those charged with governance of management process over fraud;• Sample test accruals and provisions based on established testing thresholds; and• Review material aspects of capital expenditure on property plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Significant risks (continued)

	Description of risk	Planned response
2	<p>Valuation of property, plant and equipment, investment properties and assets held for sale</p> <p>The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment, investment properties 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 a significant risk in this area.</p>	<p>In relation to the valuation of property, plant & equipment, investment properties and assets held for sale we will:</p> <ul style="list-style-type: none"> • Critically assess the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; • Consider whether the overall revaluation methodologies used by the Council's valuer are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; • Assess whether valuation movements are in line with market expectations by using our own valuation expert to provide information on regional valuation trends; • 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; • Critically assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2018/19 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer; and • Test a sample of items of capital expenditure in 2018/19 to confirm that the additions are appropriately valued in the financial statements.

4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Significant risks (continued)

	Description of risk	Planned response
3	<p>Valuation of net defined benefit liability</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>In relation to the valuation of the Council's defined benefit pension liability we will:</p> <ul style="list-style-type: none"> • Critically assess the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary, Barnett Waddingham; • Liaise with the auditors of the Nottinghamshire 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 is complete and accurate; • Test payroll transactions at the Council to provide assurance over the pension contributions which are deducted and paid to the Pension Fund by the Council; • 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; and • 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.

4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Consideration of other mandatory risks

Auditing standards require us to consider two standard risks for all organisations:

- Management override of controls; and
- Fraudulent revenue recognition.

We have already considered and identified management override of controls as a significant risk above, but set out our considerations in respect of fraudulent revenue recognition below:

	Description of risk	Planned response
1	<p>Fraudulent revenue recognition</p> <p>Our audit methodology incorporates this risk as a significant risk at all audits, although based on the circumstances of each audit, it is rebuttable.</p>	<p>We have evaluated the revenue streams of the Council and do not consider this to be a significant risk for Gedling Borough Council as:</p> <ul style="list-style-type: none">• there is an overall low risk for local authorities;• there are no particular incentives or opportunities to commit material fraudulent revenue recognition; and• the level of income that does not derive from either grant or taxation sources is low relative to the Council's overall income streams, and generally represents a number of low value, high volume transactions. <p>We therefore rebut this risk and do not incorporate specific risk procedures over and above our standard fraud procedures to address the management override of controls risk.</p>

4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Enhanced risks and key areas of management judgement

Enhanced risks and key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

	Area of management judgement	Planned response
1	Debt impairment Uncertainty exists that, in the current economic climate, the Council's provision for the impairment of doubtful debts would be sufficient.	We plan to address this judgement by: <ul style="list-style-type: none"> • Reviewing the level of reported debt as at 31 March 2019 and considering the implications for any material change; • Ensuring that management's methodology for calculating the provision has been consistently applied and is in line with the requirements of the Code; • Testing the collectability of both significant and a sample of other non-significant debtor balances; and • Re-performing the basis of the calculation for the impairment of debtors.
2	Provision for business rate appeals against the rating list The issue of a new rating list and a change in the appeals process has created delays in appeals being notified to the Council. Consequently management need to make an assumption over the likely level of appeals that will be successful based on their rating knowledge.	We plan to address this judgement by: <ul style="list-style-type: none"> • Reviewing the basis of the Council's calculation of its provision by recalculating the provision, evaluating the key assumptions of the provision, vouching movements in the provision and confirming completeness of entries; • Assessing whether the provision has been calculated and recorded in accordance with the Council's accounting policy; • Assessing whether the amount provided at the period end is appropriate, taking into account the Council's anticipated actual liability; and • Assessing whether the reconciliation of movements during the period and description of the nature of the provision have been adequately disclosed in the financial statements.

4. AUDIT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Enhanced risks and key areas of management judgement (continued)

	Area of management judgement	Planned response
3	<p>Minimum revenue provision (MRP)</p> <p>Local authorities are normally required each year to set aside some of their revenues as a provision for debt in respect of capital expenditure financed by borrowing or long term credit arrangements, by reference to the prior year's closing Capital Financing Requirement. The amount to be set aside each year is not prescribed although an overarching principle of prudence is expected to be adopted. This is supported by statutory guidance as to how this could be achieved and the Council is required to have regard to this in setting its MRP policy. Management judgement is therefore exercised in determining the level of its prudent provision.</p>	<p>We plan to address this judgement by:</p> <ul style="list-style-type: none">• Reviewing the Council's MRP policy to ensure that it has been developed with regard to the statutory guidance;• Assessing whether the provision has been calculated and recorded in accordance with the Council's policy;• Assessing whether the amount provided for the period is appropriate, taking into account the Council's Capital Financing Requirement; and• Confirming that any charge has been accounted for in accordance with the Code.

5. VALUE FOR MONEY

Our approach to Value for Money

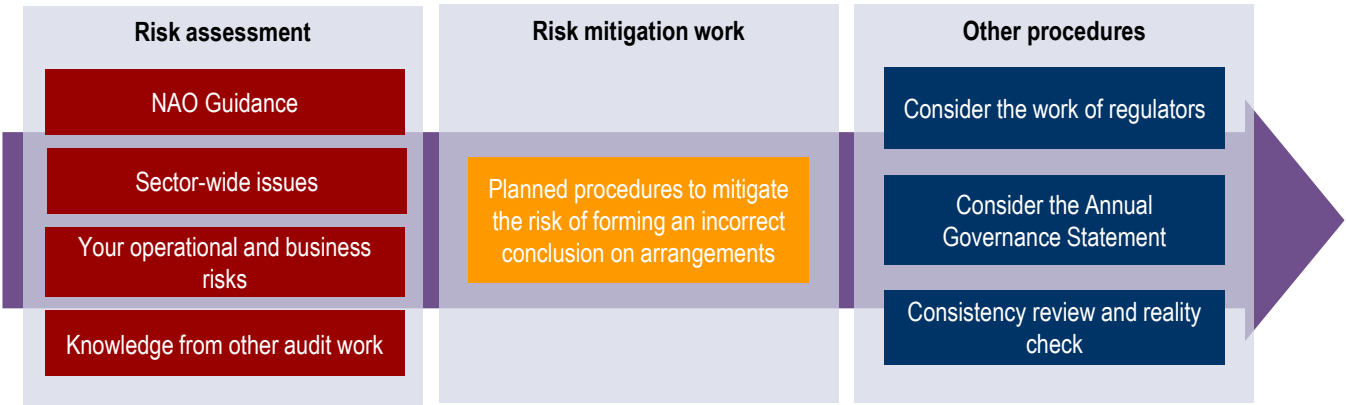
We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out, and sets out the overall criterion and sub-criteria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

The overall criterion is that, ‘in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.’

To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

A summary of the work we undertake to reach our conclusion is provided below:



Significant risks

The NAO’s guidance requires us to carry out work at the planning stage to identify whether or not a Value for Money (VFM) exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. As outlined above, we draw on our deep understanding of the Council and its partners, the local and national economy and wider knowledge of the public sector.

5. VALUE FOR MONEY (CONTINUED)

Significant risks (continued)

For the 2018/19 financial year, we have identified the following significant risk to our VFM work:

Description of significant risk	Planned response
<p>Delivery of Budgets and Financial Resilience</p> <p>The continual pressures on Local Government finances are well documented and led to another challenging budget setting process for 2018/19. The Authority approved a balanced budget in March 2018 which required the use of £1.278 of General Fund Balances to fund the budget deficit.</p> <p>The latest month 9 forecast shows the Council are expecting to achieve a £243k underspend against the revenue budget which will reduce the required contribution from the General fund to £1.036m. This saving represents 2% of the original budget of £12,145,200. In addition the Council is expecting a year end capital outturn of £4.956m against the original budget of £9.776m, the reduction in the main due to deferrals on large projects, including the £2.5m commercial property fund which will be used to generate income streams for the Council from 2019/20 onwards.</p> <p>The MTFP also shows the Council identified the need to make savings of £2.8m between 2018/19 to 2022/23, of which £1.187m are expected in 2018/19. It is projected that £1.047m of this will be delivered this financial year with £140k to be deferred until 2019/20. Even with these savings the Council still need to utilise balances each year to manage the funding gap. As a result the 2018/19 budget approved by Council in March 2018 approved an additional efficiency target of £1.1m from 2019/20 to 2022/23, weighted more towards the end of this period. If achieved this will reduce the burden on the use of reserves.</p> <p>There will be significant changes in Local Government finances over the next few years, which will culminate in a major change in the way Local Government is financed from 2020/21 onwards. These include the 2019 Spending Review, the Fair Funding Review and the introduction of 75% local retention of business rates (up from 50% retention). As a result, the need to identify and monitor savings (or achieve income generation) will continue to have a significant impact on the Authority's financial resilience and reduce the burden on the need to utilise reserves to plug any deficits in the budget.</p>	<p>We will critically review whether the Council has arrangements in place to ensure financial resilience, specifically that the MTFP has duly taken into consideration the latest available information on factors such as:</p> <ul style="list-style-type: none"> • funding reductions; • business rate reform; • fair funding; • salary and general inflation; • demand pressures; • restructuring costs; and • sensitivity analysis given the degree of variability in the above factors. <p>We will review the progress of saving plans and ongoing funding plans.</p> <p>We will review the planned use of the commercial investment fund moving forward and evaluate how the Council ensure commercialisation schemes utilised for revenue generation do not open the Council to unnecessary VFM risks.</p>

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 by PSAA as communicated in our fee letter of 25 April 2018.

Service	2017/18 fee	2018/19 fee
Code audit work	£42,570 plus VAT	£ 32,779 plus VAT

Fees for non-PSAA work

We are not carrying out any non –PSAA work in 2018-19.

Fees for non-PSAA work

Should the Council wish us to undertake any other additional work, before agreeing to this we will 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.

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 Financial Reporting Council'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 ethics training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- 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, and 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 David Hoose in the first instance.

Prior to the provision of any non-audit services David Hoose 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 in relation to our work on the pooling of housing capital receipts return. Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

8. MATERIALITY AND MISSTATEMENTS

Summary of initial materiality thresholds

Threshold	Initial threshold
Overall materiality	£1,068,000
Performance materiality	£748,000
Trivial threshold for errors to be reported to the Audit Committee	£32,000

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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 the 2017/18 total gross expenditure. We have calculated a headline figure for materiality but have also identified separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Audit Committee.

We consider that total 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 (CONTINUED)

We have set our materiality threshold at 2% of the benchmark based on the 2017/18 audited financial statements.

Based on the 2017/18 audited financial statements we anticipate the overall materiality for the year ending 31 March 2019 to be £1,068,000.

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. In setting performance materiality we have taken into account that this is our first year of audit and accordingly we do not hold extensive cumulative audit knowledge about the Council's financial statements. We have therefore set our performance materiality at 70% of our overall materiality being £748,000.

As with overall materiality, we will remain aware of the need to change this performance materiality level through the audit to ensure it remains to be set at an appropriate level.

Specific items of lower materiality

We have also calculated materiality for specific classes of transactions, balances or disclosures where we determine that misstatements of a lesser amount than materiality for the financial statements as a whole, could reasonably be expected to influence the decisions of users taken on the basis of the financial statements. We have set specific materiality for the following items of account:

Item of account	Specific materiality
Officers' remuneration	£5,000 *
Members' allowances and expenses	£36,000
External audit costs	£4,000

* Reflecting movement from one salary band to another

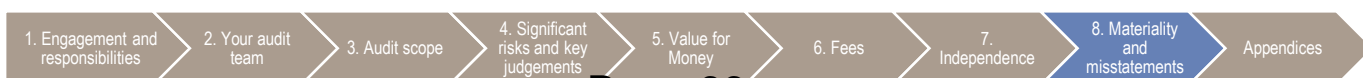
Misstatements

We aggregate 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 the Audit 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 £32,000 based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with David Hoose.

Reporting to the Audit Committee

To comply with International Standards on Auditing (UK), the following three types of audit differences will be presented to the Audit Committee:

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



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	Audit Strategy Memorandum	Audit Completion Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
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	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

APPENDIX B – FORTHCOMING ACCOUNTING AND OTHER ISSUES

Changes relevant to 2018/19

IFRS 9 Financial Instruments - the standard replaces IAS 39 and introduces significant changes to the recognition and measurement of the Council’s financial instruments, particularly its financial assets.

Although the accounting changes may be complex and may require the reclassification of some instruments, it is likely that the Council will continue to measure the majority of its financial assets at amortised cost. However, we are aware that consideration will need to be given to any holdings in property funds which may need to be reclassified from the available for sale category.

For Councils that hold instruments that will be required to be measured at fair value under the new standard, there may be instances where changes in these fair values are recognised immediately and impact on the general fund. We are aware that, following the Ministry of Housing, Communities and Local Government consultations, a statutory override, will be put in place to mitigate the impact of these fair value movements on the Council’s general fund balance.

IFRS 15 Revenue from Contracts with Customers - the 2018/19 Code also applies the requirements of IFRS 15, but it is unlikely that this will have significant implications for most local authorities.

There are no other significant changes to the Code of Practice on Local Authority Accounting (the Code) for 2018/19.

Changes in future years

Accounting standard	Year of application	Implications
IFRS 16 – Leases	2020/21	<p>We anticipate that the new leasing standard will be adopted by the Code for the 2020/21 financial year.</p> <p>IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes, particularly for lessees. The requirements for lessors will be largely unchanged from the position in IAS 17.</p> <p>Lessees will need to recognise assets and liabilities for all leases (except short-life or low-value leases) as the distinction between operating leases and finance leases is removed.</p> <p>The introduction of this standard is likely to lead to significant work being required in order to identify all leases to which the Council is party to.</p>

APPENDIX C – MAZARS’ CLIENT SERVICE COMMITMENT

We are here because of our clients; serving them in the best way we can is part of our DNA. We operate a Code of Conduct which drives our client service commitment in all areas, as set out below.



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Report to Audit Committee

Subject: Internal Audit Progress Report 2018/19

Date: 19 March 2019

Author: Chris Williams – Head of Internal Audit (RSM)

1. Purpose of the Report

To summarise the outcome of the internal audit activity completed by the RSM Internal Audit Team for the period December 2018 to March 2019.

Recommendations:

That Members:

- receive the report and note actions taken or to be taken.

2. Background

The internal audit plan 2018/19 was approved by Audit Committee on 20 March 2018. This report provides a summary update on all the final reports issued by RSM in the period December 2018 to March 2019 and highlights associated key findings and any concerns identified in any work in progress.

3. Proposal

The reports and findings considered at this Audit Committee are detailed in the appendix and include:

2018/19 Reports

- 10.18/19 - NNDR;
- 11.18/19 - Health and Safety;
- 12.18/19 - Grounds Maintenance, Parks and Open Spaces;
- 13.18/19 - Landlord Licensing;
- 14.18/19 - Development Management;
- 16.18/19 - Risk Management; and

- 17.18/19 - General Data Protection Regulation (GDPR) Governance;
and
- IT Review – Ethical Phishing Campaign

4. Resource Implications

The internal audit plan is delivered within the approved budgets.

5. Appendices

RSM Internal Audit Progress Report.



GEDLING BOROUGH COUNCIL

Internal Audit Progress Report

Audit Committee

19 March 2019

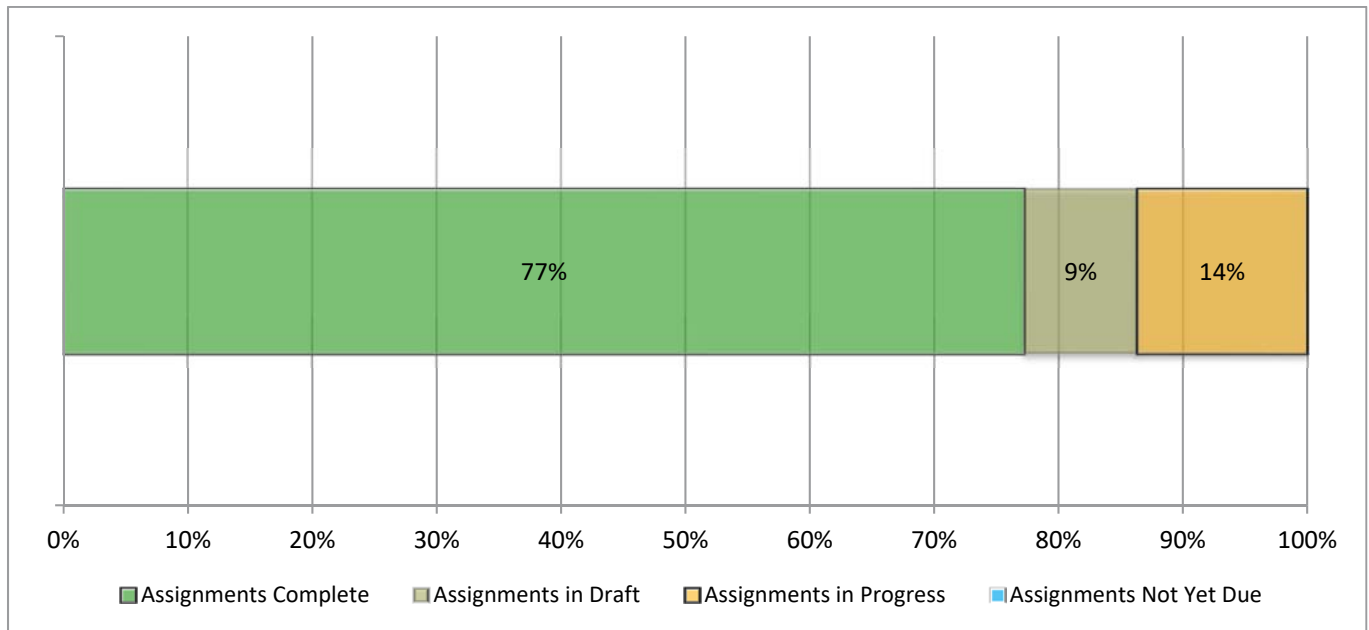
This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.

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1 INTRODUCTION

The internal audit plan for 2018/19 was approved by the Audit Committee on 20 March 2018. Below provides a summary update on progress against that plan and summarises the results of our work to date. Please see chart below for current progress with the plan.



2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

This table informs of the audit assignments that have been completed and the impacts of those findings since the last Audit Committee held. The Executive Summary and Key Findings of the assignments below are attached to this progress report.

Assignments	Status	Opinion issued	Actions agreed		
			H	M	L
NNDR (10.18/19)	Final		0	1	1
Health and Safety (11.18/19)	Final		0	3	1
Grounds Maintenance, Parks and Open Spaces (12.18/19)	Final		0	2	3
Landlord Licensing (13.18/19)	Final		0	1	1
Development Management (14.18/19)	Final		0	0	4
Risk Management (16.18/19)	Final		0	0	0
General Data Protection Regulation (GDPR) Governance (17.18/19)	Final	Advisory	Seven management actions to consider.		
IT Review – Ethical Phishing Campaign	Final	Advisory	Three management actions to consider		

2.1 Impact of findings to date



NNDR (10.18/19)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, one medium and one low priority actions were identified, and management actions were agreed in respect of these findings.

The medium management action is in relation to:

- For a sample of 20 refund payments, five instances were authorised outside of delegated authority limit.
-



Health and Safety (11.18/19)

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing, three medium and one low priority actions were identified, and management actions were agreed in respect of these findings.

The medium management actions are in relation to:

- Testing a sample of 10 risk assessments confirmed one was incomplete, one was missing and only two had been uploaded to AssessNET.
 - The contractor list was not a complete record of all contractors used and therefore could not confirm all had been subject to health and safety checks.
 - Eight out of 10 new starters sampled had not undertaken the health and safety awareness mandatory training.
-



Grounds Maintenance, Parks and Open Spaces (12.18/19)

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing, two medium and three low priority actions were identified, and management actions were agreed in respect of these findings.

The medium management actions are in relation to:

- The Green Space Strategy 2012-2017 was revised in April 2017 but was deemed out of date at the time of the audit.
 - There were no policies or procedures in place for regular inspections and risk assessments of the tree assets.
-



Landlord Licensing (13.18/19)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, one medium and one low priority actions were identified, and management actions were agreed in respect of these findings.

The medium management action is in relation to:

- A gap of 198 properties in the Council are yet to apply for licensing.



Development Management (14.18/19)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, four low priority actions were identified, and management actions were agreed in respect of these findings.



Risk Management (16.18/19)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, no management actions were identified.



General Data Protection Regulations (GDPR) Governance – Post Implementation Review (17.18/19)

Conclusion: Advisory Review

Impact on Annual Opinion: n/a

The key findings and observations from this advisory review are detailed in the Executive Summary and Action Plan attached to this report.



IT Review – Ethical Phishing Campaign

Conclusion: Advisory Review

Impact on Annual Opinion: n/a

The key findings and observations from this advisory review are detailed in the Executive Summary and Action Plan attached to this report.

3 LOOKING AHEAD

Assignment area	Timing per approved IA Plan 2018/19	Status	Target Audit Committee
Follow Up 2	Quarter 3	Draft report issued	28 May 2019
Cash and Banking	Quarter 3	Draft report issued	28 May 2019
Contract and Procurement	Quarter 3	In progress	28 May 2019
Anti-Fraud Review	Quarter 4	In progress	28 May 2019
Property – Investment, Miscellaneous Properties and Facilities Management	Quarter 4	In progress	28 May 2019

4 OTHER MATTERS

4.1 Changes to the audit plan

There have been no changes made to the audit plan since the previous Audit Committee.

4.2 Quality Assurance and Continual Improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of: Ross Wood (Manager, Quality Assurance Department) with support from other team members across the Department. All reports are reviewed by James Farmbrough as the Head of the Quality Assurance Department.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

4.3 Post Assignment Surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each product (current option);
- Monthly / quarterly / annual feedback request; and
- Executive lead only, or executive lead and key team members.

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Report previously seen by the Audit Committee and included for information purposes only:

Assignment	Status	Opinion issued	Actions agreed		
			H	M	L
Mail Room (1.18/19)	Final		0	0	3
Customer Services and One Stop Shop Areas (2.18/19)	Final		0	0	1
Gedling Country Park Visitor Centre (3.18/19)	Final		0	0	1
Community Centres (4.18/19)	Final		0	4	1
Reconciliations (5.18/19)	Final		0	2	6
Follow Up 1 (6.18/19)	Final	Reasonable Progress	0	1	4
Main Accounting System (7.18/19)	Final		0	0	2
Corporate Governance (8.18/19)	Final		0	1	2
Payroll and Expenses (9.18/19)	Final		0	0	1

FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Gedling Borough Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

NNDR - EXECUTIVE SUMMARY

1.1 Background

An audit of National Non-Domestic Rates (NNDR) was undertaken as part of the approved internal audit periodic plan for 2018/19.

The Local Government Finance Act 1988 provided an administrative framework for assessing and billing NNDR.

The Valuation Office Agency (VOA) is an executive agency of HM Revenue and Customs (HMRC) and provides the Government with valuations and property advice required for taxation and benefits. The VOA compiles and maintains lists of Council tax bands and details the rateable value of non-domestic properties for business rates. Changes to these bands and values are notified by collecting authorities such as the Council on an ongoing basis for them to action.

Of the £22m of NNDR collected by the Council during 2017/18, £4m was retained for its own services, with the balance apportioned to Central Government, Nottinghamshire County Council and the Combined Fire Authority. The Council successfully collected 99 per cent of business rates due for the period.

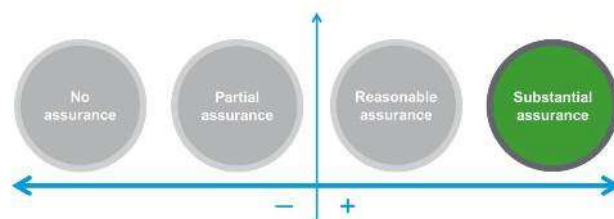
Non-domestic rating multipliers for the year issued by the VOA had been applied to the Council's revenues system. £34,807.35 was written off for NNDR during the year to audit (November 2018).

1.2 Conclusion

The review of NNDR identified that overall the control framework is well designed and operating effectively. However, two weaknesses in compliance with the established control framework have been identified which has resulted in one medium and one low priority management actions being raised. The reported exceptions relate to the inspection of void properties and the authorisation of refund payment batches.

Internal audit opinion:

Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.



1.3 Key findings

Our audit review identified that the following controls are suitably designed, consistently applied and are operating effectively:

- A Fair Collection and Debt Recovery Policy is in place which was last updated in May 2017 and is next due for review on 1 June 2019.
- Changes in circumstances are evidenced in the revenues system and processed in a timely manner following notification.
- Exemptions are granted on receipt of adequate supporting documentation and are reviewed on an annual basis.
- Mandatory and discretionary reliefs are assessed for non-domestic accounts. Applications and decisions are uploaded to the revenues system. Demand notices were issued to liable parties following decisions.
- The debt recovery timetable was followed for business rates, with demand notices, reminders and court summonses issued to liable parties documented in Civica.
- Authorisation limits are adhered to for write offs. Evidence is retained for all write offs, including for justification and approval.
- NNDR outturns were submitted to the Department for Communities and Local Government. All submitted returns were signed by the Deputy Chief Executive and Finance Director.
- Each month the Revenues Team Leader complies the latest Key Performance Indicator (KPI) figures. These figures are e-mailed to the Service Manager - Revenues and Welfare Support, who will input the data within the Covalent system.
- Each month, Commencement and Completion reports are collated by the Planning and Building Control Team and emailed to the NNDR Department. This allows the NNDR Department to identify any new properties/businesses within the area which are currently or will be liable for NNDR.
- Testing identified delays in the timeliness of reconciliations between VOA schedules of changes and the Council's revenues system but there were just within the allowable time limits and so no action has been raised.
- Where circumstances have changed regarding an existing write-off, causing the original liability to become recoverable, a write-off reversal is actioned within the Civica system.

However, the following areas of non-compliance with the established control framework were identified which primarily related to the follow up of agreed management actions from the 2017/18 internal audit report on this area:

- One instance was noted where a void property had not been inspected despite having an original void date of April 2018.
- Sample testing of 20 refund payments within the current financial year, noted five instances where batch payments had been authorised outside of delegated authority limits.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed management actions		
					Low	Medium	High
NNDR	0	(16)	2	(16)	1	1	0
Total					1	1	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

1.5 Progress made with previous audit findings

Date of previous audit	Low	Medium	High
Number of actions agreed during previous audit	3	2	0
Number of actions implemented	2	0	0
Number of actions not implemented	1	2	0

As part of this review, Gedling Borough Council has demonstrated **poor progress** in implementing agreed NNDR actions made within the **18.17/18 Council Tax and NNDR** audit report. Of the three low and two medium priority agreed management actions raised previously, we confirmed that two have been implemented in full and two have not been implemented and are the basis of the management actions agreed within this report. The final action related to NNDR reconciliations which was followed up separately as part of a specific internal audit on reconciliations. This action was again deemed to be not implemented and a further action raised in the 2018/19 report (5.18/19).

2 DETAILED FINDINGS AND ACTION PLAN

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/ reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

Our internal audit findings and the resulting actions are shown below.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Area: NNDR								
2	<p>Refunds arising from overpayments or adjustments to circumstances and rateable values are properly authorised.</p> <p>All supporting documentation is added to Civica.</p> <p>For any identified refunds, liable parties are issued with an updated demand notice stating the refund to be made.</p>	Yes	No	<p>A sample of 20 refunds issued during the current financial year were selected to confirm suitable evidence and authorisation.</p> <p>In all cases, refund reasons were clear, and documentation had been recorded within the Civica system. Updated demand notices were issued in a timely manner following receipt of evidence and a decision being made, clearly stating the refund amount.</p> <p>In 13 cases, refunds were approved by the Service Manager - Revenues</p>	Medium	<p>Refund batch payments will be appropriately approved prior to payment in line with delegated limits.</p> <p>Consideration will be given to the most suitable member of staff to deputise in instances of absence.</p>	30 November 2018	Revenues Manager

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Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner	
				<p>and Welfare Support as part of refund batches.</p> <p>All batches documented the same value of refund as that evidenced in the Civica system and recorded on demand notices to liable parties.</p> <p>In seven cases thee refunds were approved as part of five separate payments batches by the Client Officer.</p> <p>The Client Officer has no budget holder authority and therefore should not deputise in the absence of the Service Manager - Revenues and Welfare and refunds should only be authorised in line with delegated limits.</p> <p>One of the payment batches tested was found to have a significant value of £51,882.73, and therefore delegated authority should be documented.</p> <p>By failing to adhere to delegated limits, there is a risk that unsuitable refunds will be paid and not identified, or that budget will be committed where it is not available.</p>					

HEALTH & SAFETY - EXECUTIVE SUMMARY

1.1 Background

An audit of Health and Safety was undertaken as part of the approved internal audit periodic plan for 2018/19.

The Council has overall responsibility for health and safety within the Council and this is advised upon by the Chief Executive. Day to day health and safety responsibilities are managed by the role of the Health, Safety and Emergency Planning Officer. The Council uses AssessNET where incidents, accidents and hazards can all be logged by staff and managed through the system. Risk assessments can also be stored and monitored on the system with monitoring of review dates possible. The system was acquired in January 2018 and has been used for incident logging since. The Council are in the process of uploading all the risk assessments onto the system of which 628 currently exist.

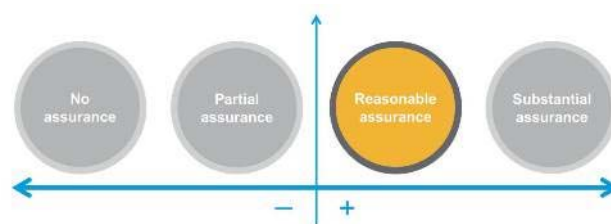
At the time of the audit, a total of 222 incidents had been logged on AssessNET and risk assessment additions had commenced. Health and safety is monitored quarterly by the Corporate Health and Safety Group (CHAS) and reported annually to the Senior Leadership Team (SLT). Various health and safety courses are offered which are conducted both internally and by external providers with a total of 200 attendances by the end of September 2018.

1.2 Conclusion

Our overall opinion was formed by undertaking interviews with key staff and sample testing on the processes in place to ensure that the controls upon which the Council relies on to manage health and safety are being. Our review has confirmed that there is an adequate control framework in place, however, examples of non-adherence and control improvements have resulted in three "medium" and one "low" management actions being raised.

Internal audit opinion:

Taking account of the issues identified, the Council can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



1.3 Key findings

The key findings from this review are as follows:

- A Health and Safety Policy is in place and up to date with the last review in August 2018. This Policy is supported by procedure notes for the management and day to day processing of health and safety within the Council.
- Testing a sample of 10 incidents logged on AssessNET confirmed in all instances detailed notes on the incidents and any investigations required were documented. Furthermore, where follow up actions were required, these were completed, and the incidents formally closed off.
- Health and safety is reported quarterly to the CHAS Group with updates on incident statistics and training matters and this was confirmed through review of minutes. An overall annual health and safety report was produced and presented to SLT in May 2018 and the Joint Consultative Safety Committee in August 2018.

- There is a Health and Safety Audit Planner Document in place which outlines which areas of the Council are to undergo an audit each year with the target for six to take place annually. For the current year, it was confirmed six have taken place with five being conducted by an external source.
- Guidance notes and standard documents are in place to be completed for all contractors working on Council premises or on behalf of the Council. These are completed prior to commencing the service.
- Health and safety files are held in a securely locked cupboard in the office of the Health, Safety and Emergency Planning Officer and AssessNET access is limited to current staff only via password and security question.
- A suite of training is offered by both the Health, Safety and Emergency Planning Officer and external sources and a plan of training has been developed for the current year and next year. Attendance is reported through the CHAS Group and monitored by its members.

However, the following control improvements or non-adherence to controls were identified:

- Testing a sample of 10 risk assessments identified that one could not be located, and one was incomplete. Furthermore, it was identified that only two had been uploaded currently onto AssessNET.
- It was confirmed an annual report was presented to SLT and the Joint Consultative Safety Committee, however, it was identified that it would be good practice to report annually to Cabinet as well.
- It was confirmed that the contractor list in place is not a complete record of all contractors used by the Council and therefore cannot confirm all have been subject to health and safety checks.
- Testing a sample of 10 new starters identified eight instances where the health and safety awareness mandatory training had not been undertaken.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non-Compliance with controls*		Agreed Management Actions		
					Low	Medium	High
Failure to protect staff, including health and safety issues (Risk Register: 3)	0	(7)	2	(7)	1	1	0
Failure to protect and utilise physical assets (Risk Register: 6)	0	(5)	1	(5)	0	1	0
Failure to react to changes in legislation (Risk Register: 7)	0	(2)	1	(2)	0	1	0
Total					1	3	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Risk: Failure to protect staff, including health and safety issues								
1	Risk assessments are completed by Managers and Supervisors in their relevant areas and these are to be updated at least every two years. A process has begun to upload all risk assessments to the AssessNET system and these are required to be signed off by the relevant Manager.	Yes	No	<p>Testing a sample of 10 risk assessments provided on a manual list, it was confirmed that in eight instances they had been completed within the last two years.</p> <p>In the remaining two instances, one could not be located to confirm it had been updated in the last two years and one risk assessment was incomplete.</p> <p>It was further confirmed that only two of the risk assessments had been uploaded onto AssessNet, however, these did still require management sign off.</p> <p>There is a risk that there is not a single central record for all risk</p>	Medium	All risk assessments will be fully completed, uploaded to AssessNET and signed off by managers.	31 July 2019	Health, Safety and Emergency Planning Officer

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				assessments to be held for ease of access when required. Furthermore, there is a risk that where not completed or unable to be found, if an incident occurs relating to the specific area, the Council maybe further liable.				
Risk: Failure to protect and utilise physical assets								
3	A contractor list is in place with all contractors used by the Council, when they were last health and safety checked and the date this is due to expire.	Yes	No	<p>Testing a sample of 10 contractors confirmed in all instances the health and safety competence was checked prior to use and evidence was maintained on file of the questionnaire, rules and induction.</p> <p>However, it was identified through review of the contractor list and discussion with the Health, Safety and Emergency Planning Officer that this list is not a full list of all contractors.</p> <p>Therefore, there is a risk that some contractors used may not have been health and safety checked or these have expired and continued to be used leading to an increased risk of accidents or claims against the Council.</p>	Medium	A comprehensive list of all contractors will be formed with all Managers notifying of all their used contractors. Furthermore, all of these contractors will be subject to health and safety checks prior to use.	31 December 2019	Health, Safety and Emergency Planning Officer / Deputy Chief Executive and Director of Finance
Risk: Failure to react to changes in legislation								
4	Health and safety awareness courses are run every quarter and all new starters are required to attend this course at the earliest opportunity.	Yes	No	Testing a sample of 10 new starters confirmed in eight instances no health and safety awareness training had been provided or no evidence could be obtained to confirm this had taken place.	Medium	All staff will be reminded of the process to ensure health and safety awareness training is attended by new starters and the forms to be returned to the Health,	31 March 2019	Health, Safety and Emergency Planning Officer / Deputy Chief Executive and Director of Finance

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>There is an increased risk of incidents occurring due to a lack of health and safety awareness of employees due to a lack of training.</p> <p>Training sessions have been put on, it is the employees and the employee's managers responsibility to ensure they are booked onto the course.</p>		Safety and Emergency Planning Officer.		

1.1 Background

We carried out an audit of Grounds Maintenance, Parks and Open Spaces; as at of the agreed internal audit plan for 2018/19. Our objective was to ensure the Council provides an effective grounds maintenance service within the Borough contributing to the better health and well-being of the residents and wildlife of Gedling.

The Council owns and manages a total of 35 parks and 32 play areas, spread throughout the Council's boundaries. These range from the large, rural 'country parks, which includes Bestwood, Burnt Stump and Gedling Country Parks: to the smaller, urban parks and open spaces which provide a range of play, sports and recreational facilities, making them very much, a part of community life. The 'Gedling Conversation' survey of all residents identified in 2017/18, that 77 per cent of households that responded, were satisfied with the quality of the parks and open spaces provided in the Borough. In addition, three of the Council's parks have been recognised nationally and have been awarded 'Green Flag' quality status. These include Arnott Hill Park, which has been awarded 'Green Flag' status for 12 consecutive years. The Green Flag Award recognises and rewards well managed parks and green spaces, and sets the benchmark for the management of recreational outdoor spaces across the UK and the world.

The Council's parks and open spaces are regularly used as venues for community events and organised play schemes. The Council ensures that all parks and open spaces are maintained in order to ensure that they are always clean and safe places for members of the public to use. The Council's public website includes full information on the location and facilities available, at each of the Council's parks and open spaces. Weekly play area inspections are carried out to identify any defects or damage to play equipment which could cause potential harm to user's and appropriate remedial action is taken.

The Parks Development Officer is responsible for identifying and developing new opportunities within parks and to organise events and activities that promote the parks and raise awareness of the facilities that are available in the Borough's parks and open spaces. The Development Officer is also responsible for identifying new sources of funding to fund or co-fund new development projects. Grants totalling over £200k have been obtained in the last three years, from WREN (recycling credits) to fund new play areas and multi-use activity centres. Other sources of funding for enhancement projects include Section 106 community benefits funds and the Community Infrastructure Levy, both of which are funded by developers. The Parks Development Officer is also responsible for developing and supporting 'Friends' groups, for many of the Borough's parks and for coordinating the activities of volunteers who work in parks and open spaces, carrying out a range of skilled and unskilled tasks. During 2017/18; volunteers contributed a total of 1,272.2 equivalent man-days of labour maintaining parks and open spaces.

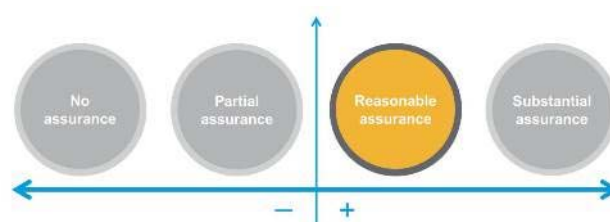
1.2 Conclusion

Our audit testing identified a total of five control weaknesses and as a result: we have raised two 'medium' and three 'low' priority management actions. All five management actions are agreed by management.

Internal audit opinion:

Taking account of the issues identified, the Council can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk.



1.3 Key findings

The key findings from this review are as follows:

- The Service Manager, Parks and Street Care produces a detailed Service Plan 2018/19. This identifies the key strengths, weaknesses, opportunities and threats; affecting service delivery, performance levels and customer satisfaction and sets out how and when, key service delivery objectives will be achieved.
- Risk Assessments are carried out for all tasks undertaken by Grounds Maintenance, Parks and Open Spaces staff. All risk assessments are reviewed and updated annually by the Service Manager and clearly identify the hazard and associated risks. Current control and mitigation arrangements are identified for each risk; enabling both inherent and residual risk scores to be evaluated.
- Work programmes / schedules of work are in place which detail the frequency in which work is required for each relevant operational activity. They identify the tools required and any specific training required to operate the tools necessary to complete each task. A summary of the methods to be employed e.g. a safe way of working; are detailed on each work programme. This ensures that each employee knows what to do; what tools are required and what levels of training and competency are needed to complete each task.
- All Grounds Maintenance, Parks and Open Spaces operatives are allocated work on a daily basis. At start of each shift, all staff meet in the Deployment Room and the Supervisors issue all daily work sheets. A Daily Deployment Sheet is maintained up to date and includes details of all work allocated, machinery required, radio call signs and all other contact details, in case of emergency.
- The Council's Fees and Charges are reviewed annually, as part of the budget setting process and are approved by Cabinet. When determining the fees to be charged for hire of sports pitches and facilities, the Head of Services takes into account the current rate of inflation, as advised by Finance and they are bench-marked, to compare charges, with those charged by neighbouring authorities.
- Weekly internal playground inspections are completed to ensure management are made aware of any defects or damage to play equipment. Reported damage or defects are recorded for action and rectified in a timely manner.
- The quality of the Council's Parks has been recognised by the Green Flag awarding body and for eleven successive years, the Council's parks at Arnott Hill Park, Burton Road Jubilee Park and Gedling Country Park, have achieved Green Flag status. There is a strict criteria that must be met before a park can be awarded Green Flag status.
- The 'Gedling Conversation' survey of all residents identified in 2017, that 77 per cent of households that responded, were satisfied with the quality of the Parks and Open Spaces provided in the Borough.
- Key Performance Indicators are established for the Parks and Street Cleansing Service Area. These are monitored regularly and the results are reported.
- All hazardous materials used by the Parks and Street Cleansing Team are recorded on a control register. Risk Assessments and COSHH data sheets are available for all hazardous materials used. Stock control sheets are used for all hazardous materials and all issues are recorded. A weekly stock check is carried out to ensure that all stocks are accounted for.
- All items of plant and equipment are securely stored in Site Safes. these are solid steel reinforced containers with no external indication of what they might contain. Two keys are required to open each site safe and these are stored in a locked key-safe held in the Deployment Supervisors Office. The keys are only issued when an operative is issued with a daily deployment sheet that requires the use of equipment that is contained in a Site Safe.

However, we have identified the following control weaknesses and as a result, we have raised two 'medium' and three 'low' priority management actions. These relate to: -

- The Council has produced a Green Space Strategy covering the period 2012 to 2017. Some amendments and revisions were made in April 2017; however, as a strategic planning document, covering future, medium term strategic planning for the development and management of Parks and Open Spaces, this document is effectively out of date.
- There are no policies or procedures in place to ensure that the Council carries out regular inspections and risk assessments of the tree assets present in its parks and open spaces. A Tree Asset Register should be introduced which identifies each tree; its species; its approximate age; its current condition and any maintenance actions necessary to ensure that it is maintained in a safe condition.
- We found that not all the weekly play area health and safety checks were completed in full.
- Due to staff sickness, delays in raising invoices have occurred. If additional staff were trained in the invoicing process, cover could be provided at times of staff sickness or leave.
- The spreadsheet used to control the raising of sales invoices is old and is no longer fully functional, with links and formula no longer responsive. It requires overhaul and updating to meet current business needs.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non-Compliance with controls*		Agreed management actions		
					Low	Medium	High
Failure to protect and utilise physical assets (Risk Register: 6)	1	(10)	1	(10)	0	2	0
Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10)	0	(11)	3	(11)	3	0	0
Total					3	2	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Risk: Failure to protect and utilise physical assets (Risk Register: 6)								
1	The Council has a Green Space Strategy in place. This sets out the Council's vision and objectives for the planning and management of green spaces, throughout the Borough. It has been reviewed and approved by the Council and is available to relevant staff and the public. The Green Space Strategy is linked to the Council's Corporate Plan and reflects the corporate policies of	Yes	No	The Council has produced a Green Space Strategy covering the period 2012 to 2017. Some amendments and revisions were made in April 2017; however, as a strategic planning document, covering future, medium term strategic planning for the development and management of Parks and Open Spaces, this document is effectively out of date. A Green Space Strategy should identify opportunities for the development and improvement of its parks and open spaces, reflecting their importance to the community and to the environment; taking full account of relevant national planning guidelines and local priorities and	Medium	We will ensure that the Council's Green Space Strategy is reviewed and updated, to provide a medium term strategy for the development and improvement of parks and open spaces for the benefit of the whole of the Borough.	30 June 2019	Service Manager - Parks and Street Care

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	"People; Homes; Jobs; Place; Performance and Recreation. It is also linked to Policy 16 and 17 of the Council's Core Strategy.			<p>strategies in terms of bio-diversity and providing recreational opportunities for the community.</p> <p>Without a Green Space Strategy, there is a risk that the Council could be seen as not taking sufficiently seriously; its role in developing and enhancing local facilities for recreation, participation in sports and for making use of parks and open spaces an integral part of life in the Borough.</p>				
2	<p>Missing Control</p> <p>The Council has a procedure in place to ensure that the trees contained within its Parks and Open Spaces are subject to regular inspection and risk assessment; to ensure that no staff or members of the public are put at risk of harm, should any branches or complete trees, fall on unsuspecting park users.</p>	No	-	<p>We confirmed that there are no policies or procedures in place to ensure that the Council carries out regular inspections and risk assessments of the tree assets present in its parks and open spaces.</p> <p>A Tree Asset Register should be introduced which identifies each tree; its species; its approximate age; its current condition and any maintenance actions necessary to ensure that it is maintained in a safe condition.</p> <p>There is a risk that unmanaged and as a result, unsafe trees or branches could fall onto staff working in the parks or members of the public visiting the parks, for recreational purposes. In recent years, a number of injuries have been caused to members of the public, by falling branches and Councils have been</p>	Medium	We will commence a park by park survey of all trees to identify their value in bio-diversity terms, their current condition and create an action plan for their ongoing maintenance.	30 June 2019	Service Manager - Parks and Street Care

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				found liable, due to a lack of a proper tree assessment and management procedure.				

LANDLORD LICENSING - EXECUTIVE SUMMARY

1.1 Background

A review of Landlord Licensing was undertaken as part of the approved internal audit periodic plan for 2018/19.

From 1 October 2018 all privately rented homes in the Netherfield ward required a licence from Gedling Borough Council under a scheme known as 'Selective Licensing'. Under the Housing Act 2004, local authorities currently have powers to introduce selective licensing of privately rented homes to address problems in their area, or any part of them, caused by low housing demand and/or significant anti-social behaviour.

Netherfield is a railway town situated five kilometres east of Nottingham, making up one of the 19 wards served by Gedling Borough Council. It comprises around 2,780 properties, and according to the 2011 census data; 22.5 per cent of the ward is privately rented.

The main characteristics of architecture in Netherfield are rows of terraced Victorian houses. These were built towards the end of the 1800's in order to accommodate the workforce of Colwick sidings; a large railway marshalling yard that was built in stages from 1872, designed for the concentration of coal traffic from Nottinghamshire and Derbyshire Coalfield for transfer to other marshalling yards.

Since the introduction of the Selective Licensing Scheme, a dedicated Licencing Team has been introduced to deal with licence applications and the day-to-day management of Selective Licensing. The Team is currently made up of a Senior Environmental Health Officer, two temporary-contract support staff members and an admin apprentice. Additionally, the Council has a Contact Centre Team who also assist Landlords with the Selective Licence application process.

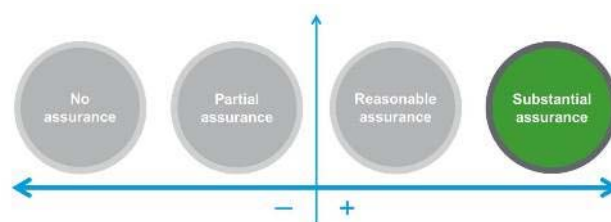
At the time of audit, the Selective Licensing Scheme had received 427 applications since its introduction in October 2018.

1.2 Conclusion

There is an appropriate control framework in place for governing the Selective Licensing Scheme. Our work confirmed that there are adequate controls in place, however testing identified that the controls are not always consistently applied. Areas of improvements have been noted which has resulted in the agreement of one 'low' and one 'medium' priority management actions.

Internal audit opinion:

Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

Our audit review identified that the following controls are suitably designed, consistently applied and are operating effectively:

- Introduction of the Selective Licensing Scheme across the Netherfield ward was found to be compliant with the requirements documented within the Part 3 of the Housing Act 2004. Through review of documentation it was confirmed that Netherfield is an area with a high concentration of privately rented accommodation and that there is evidence to suggest the following conditions are satisfied;
 - High levels of deprivation;
 - A significant and persistent problem caused by anti-social behaviour;
 - High levels of crime; and
 - Poor property conditions.
- The Council conducted a 12-week public consultation in accordance with the requirements set out in Housing Act 2004. The consultation on Selective Licensing in the Netherfield ward was held between 16 October 2017 and 5 January 2018.
- A proposal report to approve the designation of the Netherfield ward as being subject to Selective Licensing with effect from 1 October 2018 was presented to and subsequently approved by Cabinet on 8 March 2018.
- The introduction of Selective Licensing in Netherfield is key to Gedling Borough Council's Housing Strategy and Corporate Priorities to tackle and improve the quality of homes within the Borough and create a balanced housing market to support social and economic improvements.
- The Council adopted the following methods of informing local landlords within the Netherfield ward regarding the introduction of the Selective Licensing Scheme:
 - Issuance of a Public Notice;
 - Landlord Forum Presentation;
 - Updates on the Council Website; and
 - Gedling Contacts Magazine.
- Landlords can apply for property licences via the Council's website. An online application form is available which allows landlords to pay their part one application fees via online payment. All fees and charges in relation to Selective Licensing are clearly stated on the Council's website.
- Once the correct fees and essential paperwork has been received, acknowledgement is sent to applicant by the Council confirming the received application.
- Upon receipt of a Selective Licence application, the following checks are completed on the landlord and property to determine whether licensing criteria is met:
 - Assessment of management arrangements;
 - Property inspection is arranged and carried out; and
 - Fit and proper assessment (in line with the Fit and Proper Policy).
- If the Council deem the application satisfactory, a draft licence will be prepared and at this point the applicant will be invoiced to pay the second portion of the licensing fee.

- Any breaches of Selective Licensing conditions by landlords are processed in line with the Council's Private Sector Housing Enforcement Policy. Any continual breaches of conditions will result in the Council obtaining a management order for the property in question.
- Any complaints in relation to the Selective Licensing process will be dealt with in line with the Council's Complaints Policy.
- The Council attends the annual South Nottinghamshire Private Landlord Forum with local landlords to provide them with any updates or changes which affect their position as private landlords within the Gedling Borough.
- Quarterly updates are provided to Cabinet in respect of the Selective Licensing Scheme. Additionally, Informal monthly meetings also take place between the Service Manager, Public Protection and the Portfolio Holder for Public Protection to discuss the progress of the scheme.
- The number of Category One and Two Hazards are recorded within the Council's performance management system (Pentana) and are reported with all the Council's Key Performance Indicators (KPI's) to Cabinet on a quarterly basis.
- Procedure notes are in place for the Selective Licensing Team and Call Centre Team to provide guidance in the processing of Selective Licensing.

However, we identified the following exceptions with the Council's established control framework:

- Through testing it was noted that supporting documentation for licence applications was not always transferred/scanned on to the UNIFORM system. As a result, information was having to be sourced from various locations to establish a full audit trail of the application process.
- According to the 2011 census, there are 2,780 dwellings within the Netherfield ward, of which approximately 625 properties (22.5 per cent) are subject to private rental. Based on initial observations, the Council believes around 68 per cent of privately rented properties within the ward have applied for licensing. Therefore, a gap remains of approximately 198 properties who have yet to apply for licensing.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non Compliance with controls*		Agreed management actions		
					Low	Medium	High
Failure to react to changes in legislation.	0	(4)	0	(4)	0	0	0
Failure to maintain service standards, customer satisfaction, and/or meet customer expectations.	1	(10)	1	(10)	1	1	0
Total					1	1	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Risk: Failure to maintain service standards, customer satisfaction, and/or meet customer expectations.								
2	Missing Control Any 'non-registrations' within the Netherfield ward are contacted to instruct them that they will require a license to continue acting as a private landlord. Further failure to apply for licensing will result in the Council taking enforcement action against the Landlord.	No	-	At the time of audit, the Selective Licensing Scheme had received 427 applications since its implementation in October 2018 across the Netherfield ward. According to the 2011 census, there are 2,780 dwellings within the Netherfield ward, of which approximately 625 properties (22.5 per cent) are subject to private rental. Based on initial observations, the Council believes around 68 per cent of privately rented properties within the ward have applied for licensing. Therefore, a gap remains of	Medium	Once the initial applications to the Selective Licensing Scheme have been processed and issued, a process will be developed and implemented to identify any 'non-registrations' within the Netherfield Ward.	31 October 2019	Service Manager, Public Protection

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Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner	
				<p>approximately 198 properties who have yet to apply for licensing.</p> <p>Discussion with the Service Manager - Public Protection confirmed that the Council is currently working through the large influx of initial applications to the scheme, with a view of having all licenses processed and issued within 12 months of the initial application date.</p> <p>Once this has been completed, the Council will determine the best method to identify all 'non-registrations' and potentially close the gap of landlords within the ward who have not signed up for a licence.</p> <p>If all 'non-registrations' within the Netherfield ward are not identified and actioned, there is a risk of non-licensed landlords providing private rental accommodation which is not compliant with the Council's requirements.</p>					

DEVELOPMENT MANAGEMENT - EXECUTIVE SUMMARY

1.1 Background

A review of Development Management was undertaken at Gedling Borough Council (the Council) as part of the approved internal audit periodic plan for 2018/19.

Planning and Building Control at the Council is undertaken by the Development Services Department. The Department is led by the Service Manager - Development Services and is assisted by two Principal Development Management Officers, five Planning Officers, a Service Support Team Leader and a team of administrative staff. IDOX Uniform software system is used to manage planning and building control and is linked to an electronic document management system and interfaces.

Planning applications can be received in paper form or through the Planning Portal (external website which provides a hub of tools, services and guidance on planning and building). On receipt of the paper applications the service support staff log the applications onto Uniform. Applications received through the Planning Portal are upload onto Uniform via an interface. Planning appeals are administered and undertaken by the Planning Inspectorate (an executive agency, sponsored by the Ministry of Housing, Communities and Local Government and the Welsh Government) which is independent of the Council.

For the period April 2018 to December 2018 the Council received 624 planning applications.

For major planning applications determined within 13 weeks the national target is set at 60 per cent. The Council's target is set at 90 per cent and performance for Quarter two was reported at 100 per cent and for quarter three at 94.4 per cent. Current year performance exceeds the Council's target.

For minor planning applications determined within eight weeks the national target is set at 65 per cent. The Council's target is set at 70 per cent and performance for quarter two was reported at 94.6 per cent and for quarter three at 97 per cent. This comfortably exceeds the Council's target.

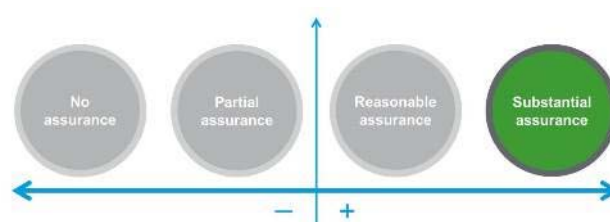
For other planning applications determined within eight weeks the national target is set at 80 per cent. The Council's target is set at 80 per cent and performance for Quarter two was reported at 99.1 per cent and for quarter three at 93.3 per cent. This again exceeds the Council's target.

1.2 Conclusion

This review has confirmed that Gedling Borough Council has in place adequate controls surrounding Development Management and that these controls are sufficiently complied with. However, we identified some weaknesses in the controls and have agreed four 'low' category management actions. Further details on the four 'low' category management actions agreed are provided in section 2 of this report.

Internal audit opinion:

Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

- On review of the Council's website it was established that planning and building control information is published on it for public viewing.
- The Council has adopted the Aligned Core Strategy (Part one Local Plan) (ACS). The document provides a broad guide to development and growth in the Borough, setting out locations for major sites (over 500 houses); key issues faced by the Borough to 2028; and co-ordinates policies, priorities and programmes together with the public resources to deliver them. The ACS is published on the Council's website.
- The Local Planning Document works with the ACS to shape future development in Gedling Borough by planning for new homes, jobs and infrastructure. These documents are used to help decide planning applications and guide the location and design of development in Gedling Borough. The Local Planning Document was adopted on 18 July 2018. There are also Supplementary Planning documents (SPDs) and these add further detail to the policies in the Local Plan.
- The Council has also published a number of informal planning guidance documents and these have a similar function to SPDs, although they have less weight in determining planning applications as they have not been formally consulted on or their contents may not be appropriate for an SPD for example: Air Quality and Emissions Mitigation (2018).
- For a sample of 20 planning applications, testing confirmed where appropriate the fees were received prior to the planning application being validated and process commencing.
- All planning decisions are reviewed by the Service Manager – Development Services or a Principal Planning Officer before being issued to the applicant. For a sample of 20 planning applications testing confirmed that the decision was communicated to the applicant and a copy of the letter was maintained on Uniform. For the sample of 10 Appeals, testing established that in all cases the decision was reported to the Planning Committee.
- Testing confirmed that the fees charged by the Council for planning application are as set out in the Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) (Amendment) Regulations 2017.
- Key Performance Indicators (KPI's) on Major planning applications determined at 13 weeks, Minor planning applications determined within eight weeks and other planning applications determined within eight weeks are produced and monitored for development management each month. A review of the Planning Committee minutes of meetings and papers for 2018 confirmed that the KPI's are reported each quarter.
- Staff attend Continuous Professional Development (CPD) events throughout the year including events hosted by East Midlands Council's as appropriate. Changes to legislation are discussed at monthly team meetings and key members of staff prepare email briefing notes which are circulated to the wider team.
- Testing confirmed for the last year to date the performance returns were submitted quarterly to the Department for Communities and Local Government (DCLG) as required.

However, testing identified the following weaknesses and as a result we have agreed four 'low' priority management actions:

- Procedural guidance is not in place for the tasks undertaken by the staff assisting the Planners.

- For a sample of 20 planning applications testing confirmed that in one case the application was made for 69 properties and the correct fee had been received. This was subsequently changed to 71 properties and planning permission was granted for 71 properties, however, no additional fee was requested from the applicant. In another case the fee was charged for a domestic dwelling instead of a commercial dwelling. In six cases it was noted that the method used to make the payment was not recorded on Uniform.
- For a sample of 20 applications, testing identified that in two cases the target times set for determining the planning applications were not met, and an extension had not been agreed with the applicant.
- For a sample of 10 appeals, testing identified that all the information relating to the appeal was not always recorded onto Uniform; in three cases the appeals file could not be located at the time of the audit; and in three cases the decision was not maintained on the appeals file.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non-Compliance with controls*		Agreed management actions		
					Low	Medium	High
Failure to maintain financial integrity (Risk Register: 2)	0	(13)	4	(13)	4	0	0
Failure to protect and utilise physical assets (Risk Register: 6)							
Total					4	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

RISK MANAGEMENT - EXECUTIVE SUMMARY

1.1 Background

A review of Risk Management was undertaken as part of the approved internal audit periodic plan for 2018/19. Our review was undertaken to ensure processes are in place to identify, assess and manage the risks facing the Council.

Effective risk management assists in achieving the Council's vision and strategic objectives and helps to optimise the quality and efficiency of its service delivery. Therefore, it is imperative that there is an effective risk management system and assurance framework in place. The achievement of the Council's strategic objectives is underpinned by the effectiveness of the controls identified to mitigate the principal risks which could impact on the objectives being achieved.

The Council has an established Risk Management Strategy and Framework in place, which is designed to reflect current best practice in Local Authority Risk Management. The Risk Management Strategy and Framework were last reviewed in July 2017 and are next due for review in July 2020.

The risks identified are recorded at either the corporate level, in a Corporate Risk Register or at an operational level, in Service Risk Registers. This two-tier approach ensures that the highest level strategic risks, those which present the greatest challenge to the Council, are identified, evaluated and closely monitored. All risks, both strategic and operational, are monitored by the Senior Leadership Team, which discusses the risk registers quarterly and then report to the Audit Committee. This enables risk scores to be challenged and re-evaluated and facilitates discussion regarding emerging and changing risks.

A formal Corporate Risk Management Scorecard is presented by the Financial Services Manager on a quarterly basis to the Audit Committee. The purpose of the scorecard is to update the Committee on the current level of assurance that can be provided against each corporate risk.

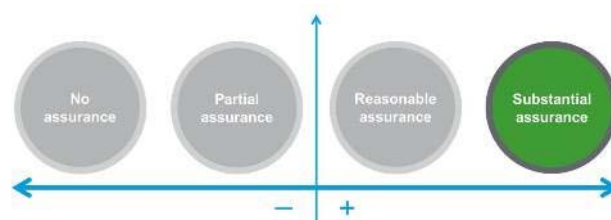
Risks are plotted on a matrix and categorised as 'red', 'amber' or 'green', depending upon where they have been ranked in terms on likelihood and impact. At the time of audit, the Council had 13 'live' risks recorded on its Corporate Risk Register. Of the 13 risks documented, there were two risks within the 'red' category and five risks within the 'amber' category. The remaining six risks were classified as a 'green' current risk level.

1.2 Conclusion

There is an appropriate control framework in place for governing Risk Management. Our review concluded that key controls are being applied adequately and effectively. We identified no issues that required us to comment upon or to raise management actions that would require improvement actions to be taken.

Internal audit opinion:

Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified risk are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

- The Council's Constitution contains high level key controls and defines the ownership arrangements for the management of all levels of risk within the Council.
- The Council has a Risk Management Strategy in place and is approved by the Audit Committee and by full Council.
- The latest Risk Management Strategy includes guidance on the identification, scoring and assessment, evaluation, treatment and reporting of risks.
- The Council has determined its risk appetite and this is set out on a risk by risk basis in the Corporate and Service Risk Registers.
- A Senior Leadership Team is in place which meets each quarter to discuss the risks faced by the Council.
- The Audit Committee receive quarterly reports with reference to the effectiveness of risk management procedures and notification of Internal Audit management actions in respect of these.
- A Corporate Risk Register is maintained which contains key strategic risks and is subject to review at each quarterly Senior Leadership Team meeting.
- A risk register is maintained for each service area and which is updated and reviewed each quarter by the Service Manager before being reported to the Senior Leadership Team.
- All risks have been assigned a risk owner who is responsible for assessing and monitoring that risk.
- Risks are documented and assessed in terms of likelihood and impact.
- Risks are scored consistently using pre-determined definitions and plotted on the risk registers correctly.
- Any significant service area risks are raised at Senior Leadership Team meetings and if necessary, are evaluated and are escalated into the Corporate Risk Register.
- Controls are put in place to mitigate each risk and these are documented on the risk register.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non Compliance with controls*		Agreed management actions		
					Low	Medium	High
Inadequate and/or inappropriate Risk Management Strategy in place at the Council.	0	(10)	0	(10)	0	0	0
Total					0	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

GENERAL DATA PROTECTION REGULATION (GDPR) GOVERNANCE - EXECUTIVE SUMMARY

1.1 Background

From 25 May 2018 the General Data Protection Regulations (GDPR) replaced the EU Directive 95/46/EC.

Whilst many of the GDPR's main concepts and principles remain largely the same as those in the former Data Protection Act 1998, there are significant new elements and enhancements which will require Councils to perform some specific compliance activities for the first time. In particular, GDPR places greater emphasis on the documentation that data controllers must keep to demonstrate their accountability.

We have been commissioned to perform an agreed upon procedures assignment of the current data governance processes, procedures and controls. Our report is a factual report and we do not provide a level of assurance, or internal audit opinion, and should not be taken to provide such.

1.2 Headline findings

The key findings from this review are as follows:

Business Processes and Data Discovery

- The Council has designed an Information Asset Register (IAR) template and these were issued to departments for completion. All departments have completed and returned their IAR's, however, the returns require review by the Council as these have identified some queries which require resolution before the process is fully completed.

Third Parties

- Third parties have been identified through the IAR's and contracts register where in scope data is transferred, and the third parties have been contacted to update their contract terms and conditions to reflect the changes of GDPR. However, there are still third parties that do not have up to date sharing agreements and require follow up by the Council.

Data Ownership

- Data owners have been identified as part of the IAR process.

Data Security System Level Controls

- An Information Security Policy is in place and staff and visitors are required to read and sign the Personal Data Security Commitment. However, it has been identified that a control weakness exists where not all contractors or third parties are ID checked prior to being provided access to the Council offices.

Data Storage and Retention

- A Data Retention Policy is in place but still requires updating to reflect GDPR. Storage locations have been identified as part of the IARs and retention periods have been assigned in line with the retention schedule posted on the Council website. However, not all retention periods have been documented on the IAR's.

Awareness

- GDPR training has been undertaken by staff members and a GDPR Plan is in place and is updated by the Data Protection Officer and Deputy Data Protection Officers.

Data Policy, Roles and Responsibilities

- The Council's Data Protection Policy has been reviewed and updated due to the implementation of GDPR. However, it was identified that the job description of the Data Protection Officer has not been updated to explicitly document the associated roles and responsibilities required.

Individuals' Rights

- The Council has published a privacy statement for each department on its website which has been updated due to the iGDPR requirements. It was identified that the subject access request procedure is yet to be updated to reflect that no fee can be charged.

Consent

- It was noted that consent gained through application forms includes unticked boxes (to facilitate explicit consent). Consent is also documented for each data item on the IAR's, however, it was identified that this is not always completed, and areas may have been documented as consent which actually have a different legal basis as opposed to consent.

Data Breaches

- The current Information Security Policy has been updated to reflect GDPR and the 72-hour reporting requirements of a data breach. A data breach log and forms have also been created.

2 DETAILED FINDINGS

The results of our testing are set out below.

Ref	Area	Findings summary	Actions for management	Responsible owner	Implementation date
1	Business Processes and Data Discovery	<p>Information asset registers (IAR) are in place for all departments at the Council and these were carried out by the departments individually with assistance from the Deputy Data Protection Officers.</p> <p>At the time of the audit there was a total of 17 IAR's covering all Council departments.</p> <p>Information captured in these registers includes:</p> <ul style="list-style-type: none"> • Purpose of processing the data; • Type of data; • Legal grounds for processing; • Retention periods; • Approximate users and data subjects; • Recipients and transfers; and • Data owners. <p>Through review of the IAR's it was identified that notable omissions existed for some departments for retention periods, basis for processing and volumes of data.</p> <p>The asset registers were completed and reviewed in early 2018 or late 2017 and therefore prior to GDPR being live. As a result, these registers require updating/reviewing to ensure they are current, and no omissions are present.</p> <p>Furthermore, a lack of consistency was identified between departments with how the registers had been completed. Although the table headings were identical on all registers, some departments have left boxes empty whereas some have documented the cell to be</p>	<p>A review of all IAR's will be completed ensuring all cells are completed in full.</p> <p>Furthermore, a periodic review will be implemented to ensure registers remain up to date.</p>	Data Protection Officer/Deputy Data Protection Officer	30 April 2019

Ref	Area	Findings summary	Actions for management	Responsible owner	Implementation date
2	Third Parties	<p>"n/a" which could cause an issue when merging registers.</p> <p>This action is already planned and included on the Council's GDPR action plan.</p> <p>Without a comprehensive and accurate record of the location and origin of all personal data held in house and shared with third parties, there is an increased risk of non-compliance with the requirements of the new Act relating to information held.</p> <p>Examples of potential non-compliance include:</p> <ul style="list-style-type: none"> • The inability to notify third parties of any inaccuracies in data shared with them, due to lack of awareness of the information sharing arrangements in question; and • Non-compliance with the GDPR accountability principle by demonstrating that the Council has effective policies and procedures in place for the management of personal data. 			
		<p>As part of the IAR's, it is identified for each data processing activity of the data is received from third parties, if data is shared with third parties and if a data sharing agreement is in place.</p> <p>Following the completion of the IAR's, review of the contract's registers, and a list of all contracts being passed to the Legal Department, a letter was issued to all third parties. This was to ensure an up to date sharing agreement is in place.</p> <p>At the time of the audit, a number of third parties had not responded and thus up to date sharing agreements were not in place. It was identified however, that new contracts and tenders entered have a new sharing agreement in place. A Legal Intern is due to start with the Council and their task will be to follow up third party responses.</p>	<p>A review of all IAR's will be conducted with any third parties identified being reconciled to the list of third parties to whom data is shared with to ensure the list is complete.</p> <p>Third parties will be contacted to agree to the amended terms and conditions.</p>	Data Protection Officer/Deputy Data Protection Officer	31 December 2019

Ref	Area	Findings summary	Actions for management	Responsible owner	Implementation date
		<p>Instances on the IAR's were also identified where the department did not document who the information was shared with and noted question marks or left the cell blank. This action is already planned and included on the Council's GDPR action plan.</p> <p>There is an increased risk of non-compliance with the requirements of the new Act relating to information held.</p>			
3	Data Ownership	For the 17 IAR's completed by the Council, it was identified that data owners have been explicitly documented.	No Action	No Action	No Action
4	Data Storage and Retention	<p>Data storage and retention locations have been identified as part of the IAR's. However, it was noted on some IAR's that departments are unsure of the specific retention periods for data and have left this cell blank or with a question mark.</p> <p>A Records Retention and Disposal Policy is in place and was last updated in July 2011. This Policy has no referral to GDPR and requires updating to ensure it is current.</p> <p>The Deputy Data Protection Officer is in the process of completing the review of this document and will be presenting this to the Director of Organisation Development and Democratic Services for review.</p> <p>There is a risk that where retention periods are unknown, not documented and not recorded in a schedule/policy, data may be kept for longer than necessary and thus conflicts with data protection regulations.</p>	<p>a) A review of all IAR's will be conducted to ensure all retention periods are documented and this will be matched to the updated Records Retention and Disposal Policy.</p> <p>b) The Records Retention and Disposal Policy will be updated, setting out standard retention periods for specific categories of data, based on purpose and business need. Data should then be deleted on a cyclical basis in line with retention requirements.</p>	Deputy Data Protection Officer	31 May 2019
5	Data Storage and Retention	A privacy impact assessment (PIA) is a process which helps an organisation to identify and reduce the privacy risks of a project i.e. to ensure that the project considers 'privacy by design'.	No Action	No Action	No Action

Ref	Area	Findings summary	Actions for management	Responsible owner	Implementation date
Page 114		<p>An effective PIA should be used throughout the development and implementation of a project, using existing project management processes. A PIA enables an organisation to systematically and thoroughly analyse how a particular project or system will affect the privacy of the individuals involved.</p> <p>A DPIA process form is in place documenting the process for identifying when a PIA is required and how it should be conducted. Within the document is the template for staff to follow when conducting a PIA to understand the extent of the processing of data with reference to its scope, context and purpose.</p> <p>It was informed by the Data Protection Officer that departments are currently completing DPIA's for existing systems of high risk and these are to be completed by the end of March 2019. Any new projects require a DPIA and this process is embedded for this.</p>			
	Data Security System Level Controls	<p>Physical access to the building is via the main entrance for anyone or side entrances for staff only. To access the areas off limits to the general public, a Council issued swipe card is required.</p> <p>General access to computers is via username and password with specific systems also having username and password login access.</p> <p>Confidential waste is collected in marked bins and are either shredded internally or externally collected and shredded.</p> <p>An Information Security Policy is in place and was last reviewed in August 2018 which contains in depth guidance on IT security such as:</p> <ul style="list-style-type: none"> • Backups; • Patching; 	A process document will be created outlining the responsibilities of reception staff to ensure all contractors are ID checked prior to being issued with a building swipe card.	Service Manager Customer Services and Communications	31 May 2019

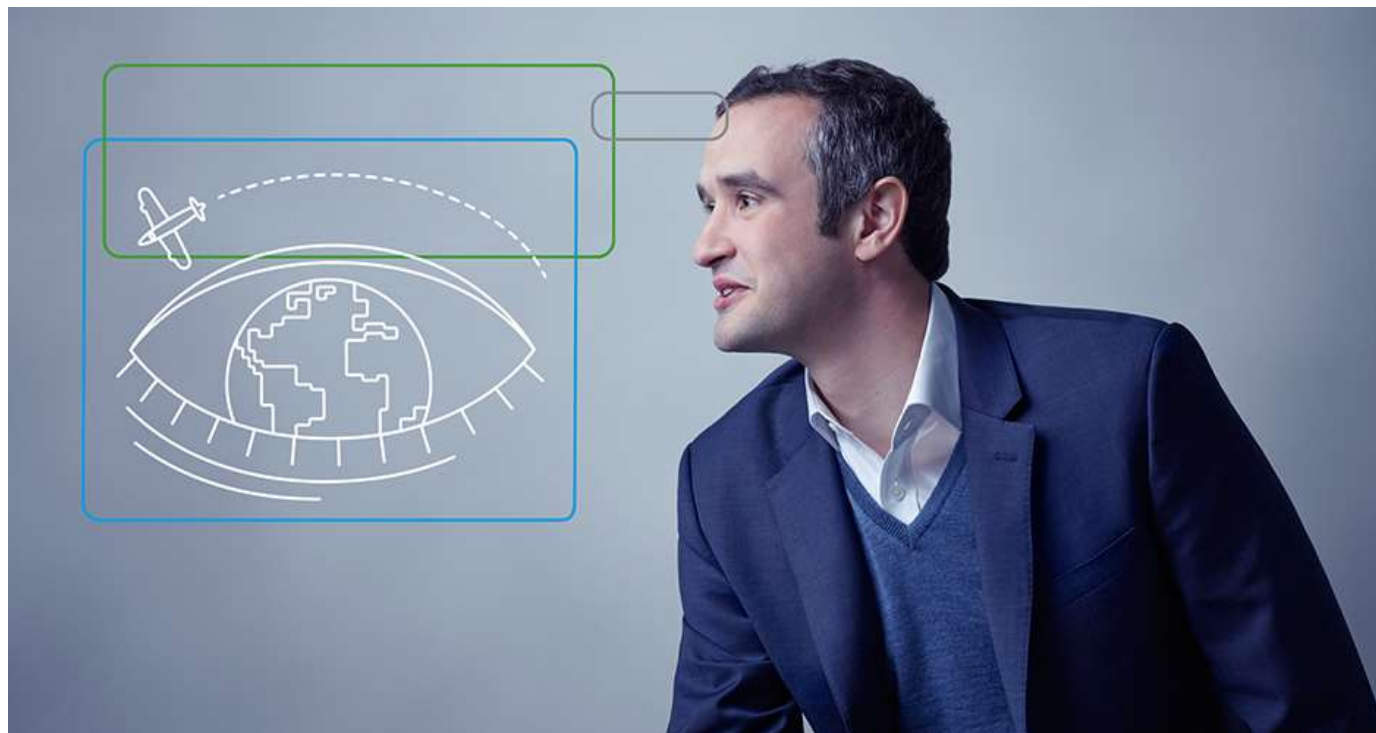
Ref	Area	Findings summary	Actions for management	Responsible owner	Implementation date
		<ul style="list-style-type: none"> • Password requirements; • Remote access; and • Access controls. <p>In addition to the Information Security Policy, staff and visitors requiring IT access are required to read and sign the Personal Data Security Commitment.</p> <p>However, a control weakness has been identified with regards to access to the Council building where contractors are not checked for identification prior to receiving a swipe card. As a result, there is an increased risk of a data breach occurring with the possibility for unauthorised personnel to receive access to unauthorised areas.</p>			
Page 115	Awareness – Management	<p>It was informed by the Data Protection Officer that a cross-county working group was established (Nottingham Information Officers Group) to work towards GDPR compliance. These meetings are attended by the Data Protection Officer or the Deputy Data Protection Officer. The Group work together to create core documents or processes which can then be adapted by each Council to tailor to their specific needs.</p> <p>This Group has continued to exist even after GDPR has gone live. In addition, the Council has in place a GDPR action plan with high level actions, notes on the action to be completed and a deadline date. The key areas for GDPR compliance are listed with remaining actions to be completed. This is updated by the Data Protection Officer.</p> <p>Cabinet were presented with a report on 3 May 2018 to advise the Members in relation to the implications of GDPR and to update Members on the steps the Council were taking to ensure compliance. GDPR training has also been presented to Members.</p>	No Action	No Action	No Action

Ref	Area	Findings summary	Actions for management	Responsible owner	Implementation date
8	Awareness – All Staff	<p>Training has been provided to members of staff via the medium of presentations conducted by the Data Protection Officer. These were obtained during the audit and confirmed to detail the key principles and processes of GDPR. Additional briefings have been issued to all staff or departments via email or the intranet and a GDPR employee guide has been created and issued to all staff.</p> <p>Training has also been provided to Service Managers of departments on more specific tasks such as DPIA's. Two training sessions on DPIA's have taken place with one more to be completed in January 2018.</p> <p>The Council are currently looking into the introduction of E-Learning to deliver GDPR training.</p>	No Action	No Action	No Action
	Data Policy, Roles and Responsibilities	<p>It was confirmed a Data Protection Policy was in place for the Council and this was updated in 2018 to reflect the changes as a result of GDPR.</p> <p>Through review of the policy, it was identified the key areas of GDPR were covered including:</p> <ul style="list-style-type: none"> • Overview of the Data Protection Legislation; • Data Protection Principles; • Gathering Data; • Disclosure of Data to Third Parties; • Security of Data and Access to Data; and • Retention of Data. <p>The policy is available to staff via the shared drive and documents key contacts of the Data Protection Officer and supporting policies to provide guidance and advice on data protection matters.</p>	No Action	No Action	No Action

Ref	Area	Findings summary	Actions for management	Responsible owner	Implementation date
10	Data Policy, Roles and Responsibilities	<p>The allocation and responsibilities pertaining to data protection within the Council had been defined or explicitly documented.</p> <p>Through review of the Data Protection Policy, it was confirmed readers are signposted to the Legal Department for any queries relating to data protection or using the specific Data Protection Officer email address.</p> <p>Through review of the Council website it was also confirmed that the Data Protection Officer is detailed and how to contact them with any queries or requests.</p> <p>In May 2018 a report was presented to Cabinet detailing the changes of GDPR and the requirement for a DPO to be in place. The report explains the reasons for the DPO and who the Data Protection Officer is. The documented also informed of two Deputy Data Protection Officers to assist in the role.</p> <p>These were all approved by Cabinet at the meeting in May 2018.</p> <p>However, it was informed by the Data Protection Officer that their job description from their current role had not been updated and therefore not explicitly defined and this could lead to an increased risk of lack of accountability and leadership with regard to ensuring compliance with the GDPR arrangements. This in turn could lead to financial penalties and reputational damage.</p>	<p>Upon reviewing the success of the roles of the Data Protection Officer in the current Council structure in May 2019, the job description of the Data Protection Officer will be updated.</p>	Data Protection Officer	30 June 2019
11	Individuals' Rights	<p>The following work was being undertaken to address the new rights for individuals:</p> <p>Privacy statements for all departments have been created and are included on the Council website for information. The details included on the privacy statements are:</p> <ul style="list-style-type: none"> • What personal data is collected; 	<p>The subject access request procedure will be updated to reflect the current requirements of GDPR.</p>	Data Protection Officer/Deputy Data Protection Officer	31 May 2019

Ref	Area	Findings summary	Actions for management	Responsible owner	Implementation date
Page 118		<ul style="list-style-type: none"> • What the data is used for; • How long data is kept for; • Lawful basis for processing the data (and the GDPR Article it relates to); and • Who the data is shared with and a list of the rights available to the individual. <p>The rights of individuals on the privacy notice are up to date and clearly defined. A subject access request procedure has been created outlining the process to be followed when subject access requests are received, however, the document requires updating to disclose that the fee of £10.00 is no longer to be charged.</p> <p>There is a risk staff are unaware of the process and may attempt to charge a fee for a subject access request which is not compliant with GDPR.</p>			
	Consent	<p>Through review of a sample of application forms and consent methods in place for the Council, it was apparent consent gained was explicit with unticked boxes. Furthermore, the consent gained also has options to “opt in” as opposed to “opt out” in line with GDPR expectations.</p> <p>Consent is documented within the Data Protection Policy and provides detailed guidance to staff on the processes and legislation to be followed with regards to consent. As part of the IAR’s, how consent is gained and the lawful basis for processing is required to be documented. However, through review it was identified for some of the IAR’s the consent information has not been detailed. Furthermore, through discussion with the Data Protection Officer, the Council do not use consent as the legal basis for processing where possible and the IAR’s require review to confirm this.</p> <p>Without undertaking a review and updating consent processes in relation to personal data processing, there</p>	The IAR’s will be reviewed and all consent processes and legal basis for processing will be documented.	Data Protection Officer/Deputy Data Protection Officer	31 May 2019

Ref	Area	Findings summary	Actions for management	Responsible owner	Implementation date
		is an increased risk of a breach of the new GDPR rules regarding consent, with associated increased risks of litigation and loss of reputation.			
13	Data Breaches	<p>Through review of the Information Security Policy it was confirmed that the data breach process is documented with the requirements to report within 72 hours of becoming aware.</p> <p>Furthermore, the internal reporting process is also documented. This process is also documented within the Data Protection Policy.</p> <p>A standardised Data Protection Breach Incident Report is in place to be completed by any member of staff immediately after detecting a breach. Information obtained through this form is:</p> <ul style="list-style-type: none"> • When the breach occurred; • How it was detected; • What happened; • What information has been compromised; and • Any action taken to mitigate the effect. <p>At the time of the audit a total of 26 breaches had been reported internally with two escalated to the ICO. These are recorded on a breach log.</p>	No Action	No Action	No Action



ETHICAL PHISHING CAMPAIGN – REVISED DRAFT REPORT

Gedling Borough Council
27 February 2019

Contents

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- Executive summary
- Introduction
- Scope and approach
- Phishing event 1
- Phishing event 2
- Phishing benchmarking
- Conclusion
- Next steps

Executive Summary

Page 122

- We conducted two phishing exercises against a sample population list of 413 members of staff in November and December 2018. The pre-texts were agreed in advance.
- The first (spear phishing) appeared to come from inside the organisation, notifying staff of an IT issue.



- The second (generic phishing attack) was confirmation of a large purchase order from Amazon.



- IT controls initially prevented some emails from being sent, only once they were white-listed at the firewall were they received. However, others went through by-passing controls.



‘It’s the emails you **don’t** identify as
“phishing” that are the problem.’

Introduction

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- Phishing is the practice of targeting many individuals with enticing e-mails in order to trick at least some of the recipients into opening an attachment or going to a specific web site. The aim is to steal confidential details or download malicious content.
- Spear phishing is a more advanced type of phishing where the content of the scam is based on research specific to the target. The target could be an individual, organisation or business.
- A simulated phishing campaign provides tangible benefits to a security conscious organisation:
 - The results will benchmark the organisation's vulnerability to a phishing attack by providing metrics on what percentage of their employee population is likely to fall victim to a genuine phishing e-mail.
- Attackers only need to attract one phishing click to be successful, whilst staff have to get it right 100% of the time. Every successful click on a phishing e-mail can be seen as an 'opportunity' for the hacker.

Scope and Approach

- Following the completion of a cyber security review performed as part of the internal audit plan, we were engaged by the Head of ICT at Gedling Borough Council to carry out a simulated phishing and spear phishing campaign to assess the level of user awareness in respect of current cyber risks.
- The timing, scope and content of the exercise was agreed with the Head of ICT and his staff.
- We performed two distinct exercises over a period of **three weeks** (27/11/18 – 17/12/18) to ensure that the recipients had ample time to click the links before the campaign was closed.
- The exercise recorded what the individuals who received the e-mails did (Ignore, Open, Delete, Click, Notify).

Scope and Approach

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PHISHING EVENT 1

- The number of users in the sample population was **413** and the following email domain was used : @boroughofgedling.co.uk.
- The text of the e-mail was agreed between RSM and agreed with the Research and Development Manager, IT Support.
- The user sample was supplied to RSM by Gedling Borough Council.

PHISHING EVENT 2

- The number of users in the sample population was **413** and the following email domain was used: @amazon-orders.net
- The text of the e-mail was agreed between RSM and agreed with the Research and Development Manager, IT Support.
- The user sample was supplied to RSM by Gedling Borough Council.

Firewall defences deployed to protect Gedling Borough Council from email threats

- Cloud based filtering service: Email Laundry.
- On premises Sophos email appliance.
- Exchange based checks: Sophos PureMessage.

Phishing event 1

- The 'From Address' used by RSM was admin@it-helpdesk.systems.
- The link pointed to the following when hovered over: <https://boroughofgedling.co.uk>

Email pre-text

Your Shared Drive G:\ is full.

24GB 25GB



Dear {{.FirstName}}

Files stored on your shared G drive have now significantly exceeded the limit assigned to you. No further files will can be saved to your drive and any attempts to add additional files to this volume will not be saved and IT will not be able to recover those documents. Please take action **now** to ensure that work is not lost.

What should you do?

Please login to your network account via the Citrix web-app portal [here](#). Once logged in you will either need to delete documents no longer need or archive documents to alternative media.


Do you need more information?

We have some helpful information on the intranet regarding storage settings. Follow this link: <http://intranet.gedling.gov.uk.com>

--
Gedling Borough Council Information Technology Services

This message is generated automatically by the server when you exceed the assigned capacity of your allocated space on drive G:\. Please follow the instructions in the email to resolve this issue or contact your network administrator.

Landing page



Sign In

[Reset password](#)
☐ Keep me signed in

[Create Citrix Account](#)
[Can't access your account? Let us know!](#)



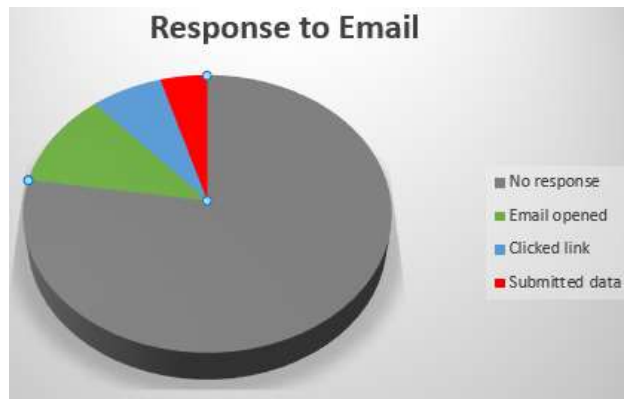
Phishing event 1 - Launch

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- We sent initial e-mail from admin@it-helpdesk.systems.
- The simulated phishing campaign upon Gedling Borough Council was launched on 26/11/2018 in the morning (6:32am) and continued until 10:47am on 27/11/2018 for all supplied email addresses. One recipient accidentally received two identical emails.
- The phishing campaign remained open until 4:00pm on Friday 14 December 2018.

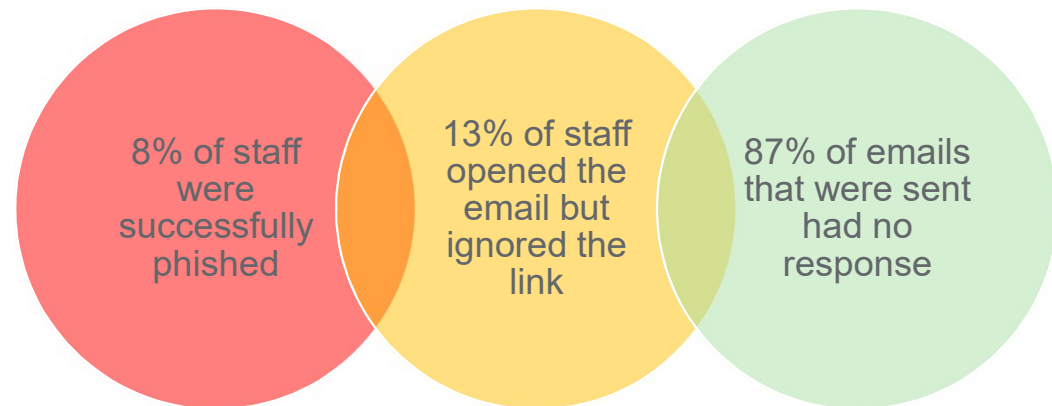
Phishing event 1: Final results

21 of 413 user gave away their username and password



Emails sent	No response	Email opened	Clicked link	Submitted data
413	360	52	32	21

Phishing test results



It should be noted that these e-mails by-passed the firewall controls.

Phishing event 2

Your Recommendations Your Orders Amazon

Shipping Confirmation

Order # [1001 December 2018](#), Delivery slot: 8am - 12pm


Hello {{FirstName}} {{LastName}}

Thank you for shopping with us. We thought you'd like to know that we shipped your item, and that this completes your order. Your order is on its way, and can no longer be changed. If you need to return an item from this shipment or manage other orders, please visit [Your Orders on Amazon](#).

<p>Your estimated delivery date is:</p> <p>16th December 2018, delivery slot: 8am - 12pm</p>	<p>Your order was sent to:</p> <p>{{(FirstName)}} {{(LastName)}} 209 South Street Dudley West Midlands, DY32 0BS United Kingdom</p>
---	--

Depending on the ship speed you choose, it may take 24 hours for tracking information to be available in your account.

Shipment Details



Apple MacBook Pro (13 Inch Retina, 2.3 GHz Quad-Core Intel Core i5, 8 GB RAM, 256 GB SSD)

£2399.99

Item Subtotal:	£2399.99
Shipping & handling:	£102.00
Free shipping discount:	£0.00
Total Before Tax:	£2501.99
Shipment Total:	£2702.99
Paid by Visa:	£2702.99

You have only been charged for the items sent in this shipment. Per our policy, you only pay for items when we ship them to you.

Other Items That Have Shipped

For order # [8am - 12pm 16th December 2018](#)
Placed on 11/14pm 09th December 2018

Delivery Estimate: 8am - 12pm 16th December 2018
[Apple MacBook Pro 15 \(2015\) 15.4-inch Laptop with Retina Display](#)

Returns are easy. Visit our [Online Return Center](#).
If you need further assistance with your order, please visit [Customer Service](#).

- The 'From Address' used was no.reply@amazon-orders.net.
- The link pointed to the following when hovered over:
<https://amazon-orders.net>.
- Users clicking the link were taken to the following landing page.

<https://amazon-orders.net/?rid=76GH591>

Sign in

E-mail (phone for mobile accounts)

Password [Forgot Password](#)

Sign in

☐ Keep me signed in. [Details](#)

New to Amazon?

Create your Amazon account



Phishing event 2 - Launch

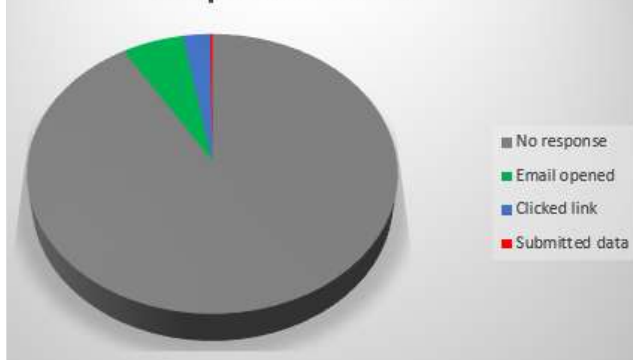
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- We attempted an initial e-mail from @amazon-orders.net. This was successfully blocked by the spam filtration systems.
- In order to allow the test to proceed, emails from @amazon-orders.net were explicitly white listed by ICT to enable the phishing campaign to deliver emails to the users.
- The initial blocking of the attempted e-mail shows that the firewall systems were operating effectively.
- This simulated phishing campaign upon Gedling Borough Council was launched on 11/12/2018 in the afternoon (9:56am) for all the supplied email addresses on the list provided by the Head of ICT.
- The phishing campaign ended and was closed on 17 December 2018 at 5:00pm.

Phishing event 2: Final results

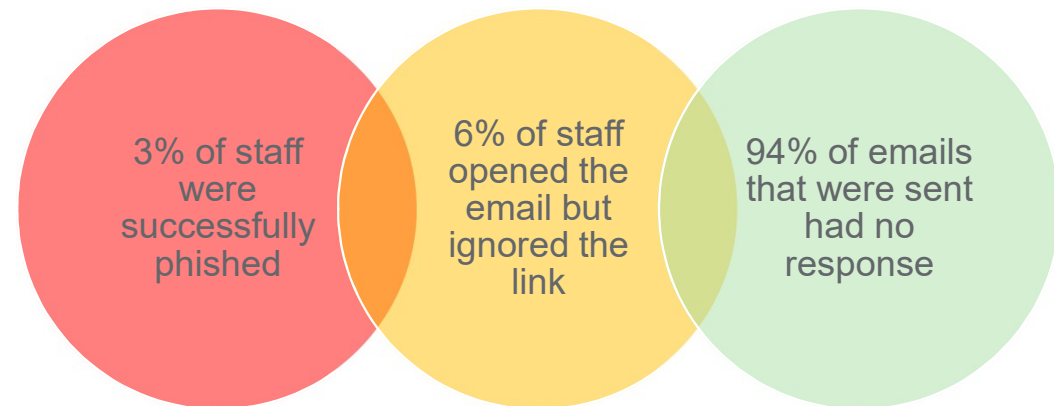
11 users of 413
clicked the link.
1 user supplied their password.

Response to Email



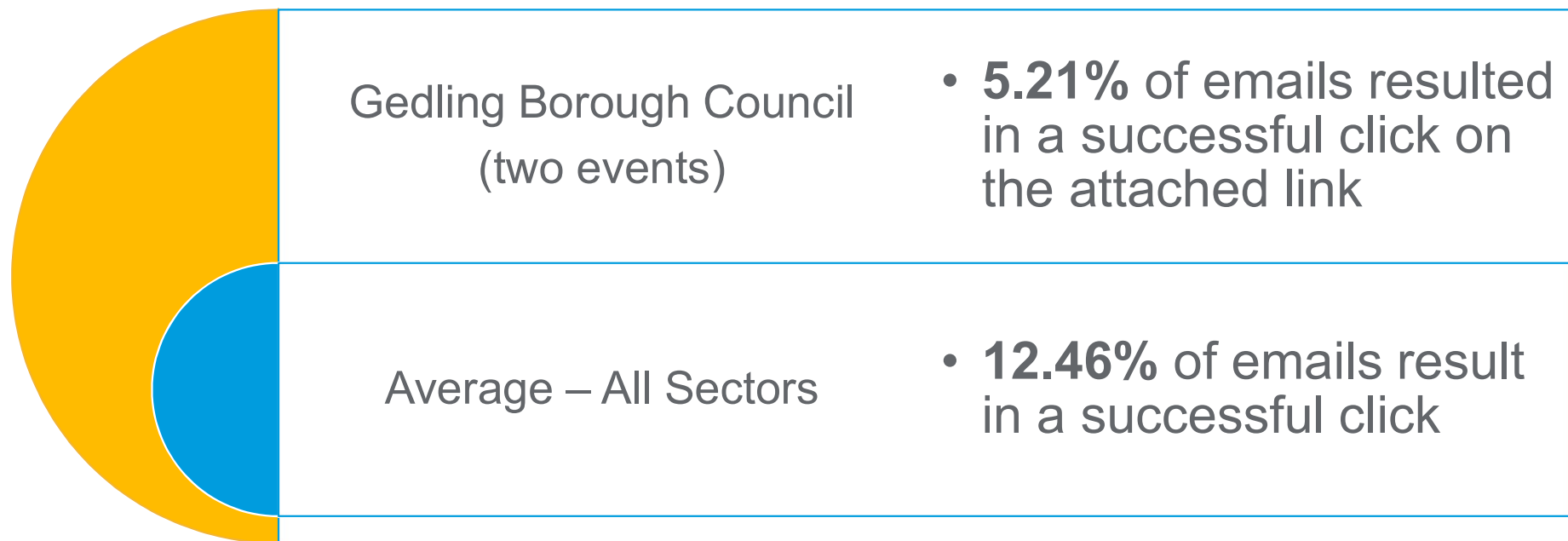
Emails sent	No response	Email opened	Clicked link	Submitted data
413	388	25	11	1

Phishing test results



It should be noted that these e-mails had to be allowed through the firewall by ICT in order for the test to proceed.

Non-spear phishing benchmarking



- The highest response we have recorded is **51.5%**.
- The lowest response we have recorded is **1%**.

Conclusion

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We would draw attention to the following **positive** aspects of the exercise:

- The spam filters did their job and prevented the initial e-mails when sent from our own SMTP (email sending) server.
- Very low password submission rates for amazon based pre-text.
- Some staff reported the e-mails to either the ICT Department or the Director of Finance and voiced their concerns.
- The results of this exercise are an improvement from the previous review performed in August 2017. This is due to improved staff awareness through the delivery of training to all staff detailing email phishing and scams. The previous review resulted in an overall success rate of 26.69% compared to this year's result of 5.21%. This is a significant improvement.

However, the following **issues** should also be noted:

- When the attackers had knowledge of the systems and processes of the organisation, and that information was used to create a more targeted attack, significantly more users were successfully phished.
- Whilst the percentage of staff who clicked on the phishing links was lower than the sector average, it still represents a significant risk to the organisation.

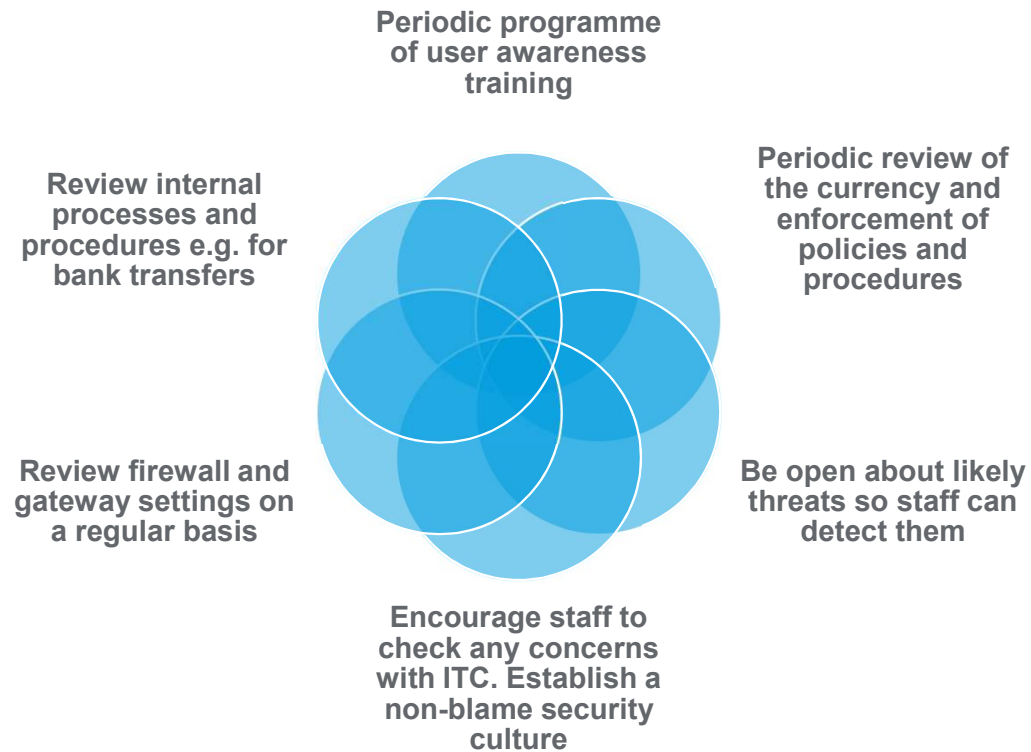
Actions for Management to consider

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- User Education - The Council should consider continuing to deliver training for all staff to ensure that they remain up to date with the latest threats.
- Spam Filter Controls - The Council should consider reviewing the current configuration of the spam filter as emails from the “admin@it-helpdesk.systems” domain were permitted delivery without being blocked.
- Continuous Improvement - The Council should consider reviewing the areas of best practice from the next slide and identify areas for improvement as required.

Best Practice and areas to ensure adequate focus

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Whilst every care has been taken to ensure that the information provided in this report is as accurate, complete and timely as possible, no complete guarantee, assurance or warranty can be given with regard to the advice and information contained herein.



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Report to Audit Committee

Subject: The Draft Internal Audit Plan and Strategy 2019/20 – 2021/22

Date: 19 March 2019

Author: Chris Williams, Head of Internal Audit (RSM)

1. Purpose of the Report

To report on the planned internal audit activity for 2019/20 and a three-year strategy.

Having taken account of any comments made by this Committee the final report will be passed to the Deputy Chief Executive and Director of Finance in line with the Financial Regulations.

Recommendations:

That Members:

- receive the report and approve the Internal Audit Plan and Strategy as documented in this report.

2. Background

We have used various sources of information and discussed priorities for internal audit coverage with both Service Managers and the Senior Leadership Team to develop the Internal Audit Plan and Strategy.

3. Planned Internal Audit Activity for 2019/20

Audit Reports

The performance target is 19 issued audit reports for the 2019/20 financial year.

4. Resource Implications

To be delivered within existing budgets.

5. Appendices

RSM Internal Audit Plan and Strategy 2019/20 – 2021/22.

GEDLING BOROUGH COUNCIL

Internal Audit Strategy 2019/20 - 2021/22

Presented at the Audit Committee meeting of: 19 March 2019

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

EXECUTIVE SUMMARY

Our Internal Audit Plan for 2019/20 is presented for consideration by the Audit Committee.

The key points to note from our plan are:



2019 Internal Audit priorities: Internal audit activity for 2019/20 is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting you in the year ahead, including changes within the sector. Our detailed plan for 2019/20 is included at Section 1.



Level of Resource: The level of resource required to deliver the plan is consistent with 2018, with the daily rate inflated to £325 per day with the agreement made upon our appointment. We will be introducing the use of technology when undertaking operational audits in 2019. This will strengthen our sampling, increasing the level of assurance provided. Refer to Appendix A.



Core Assurance: Key priorities and changes within the Council during the period have been reflected within the proposed audit coverage for 2019/20 and beyond. Local government continues to face significant financial pressure and a key theme of our work during 2019/20 will be focus on controls over income generation and maximisation, particularly in the areas of cash and banking and leisure centres. We will continue assess the implementation of previously agreed internal audit actions and report back to the Audit Committee on the ongoing implementation status.

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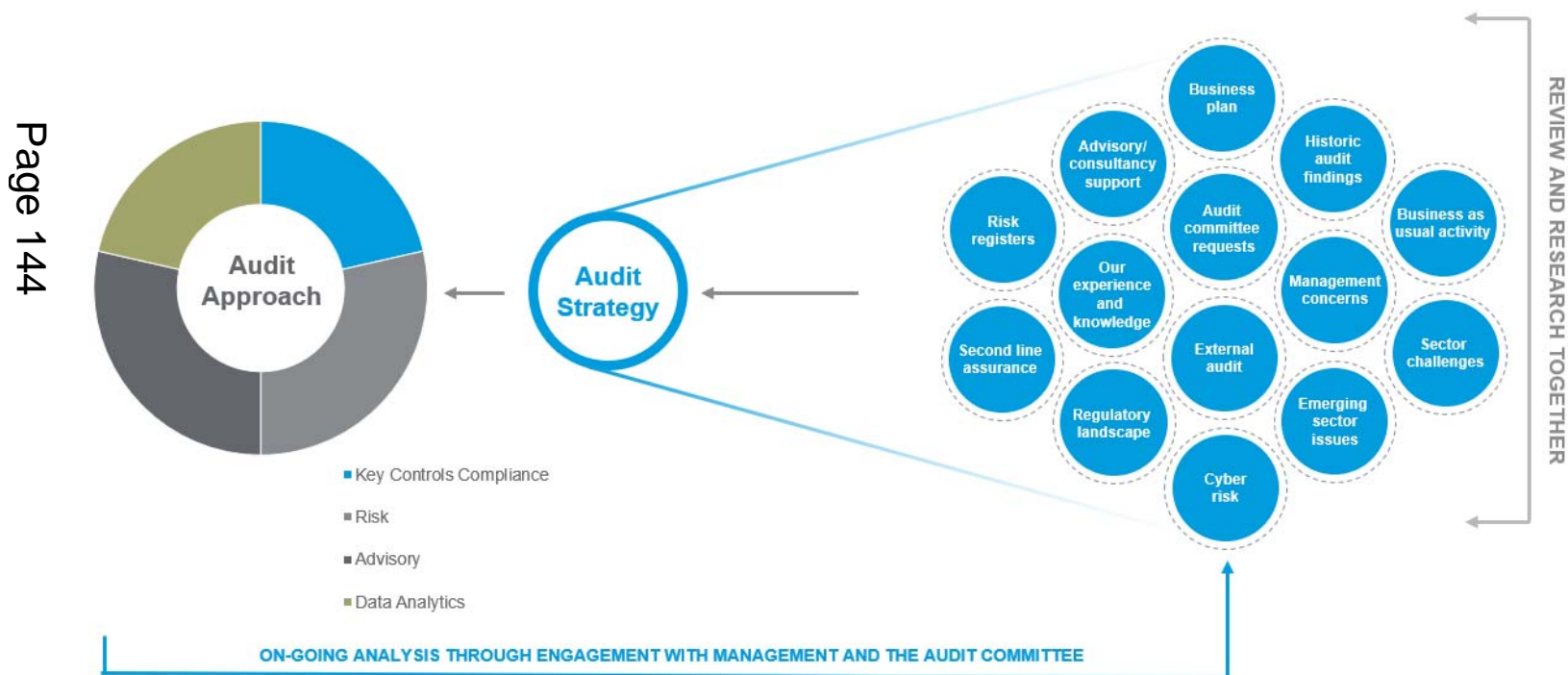
1. YOUR INTERNAL AUDIT PLAN 2019/20

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Gedling Borough Council in the year ahead, including changes within the sector.

Risk management processes

We have evaluated your risk management processes and consider that we can place reliance on your risk registers / assurance framework to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the Senior Leadership Team. A separate meeting was held with the Service Managers to discuss the development and content of the internal audit plan and strategy.

Figure A: Audit considerations – sources considered when developing the Internal Audit Strategy.



Based on our understanding of the organisation, the information provided to us by stakeholders, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see Section 2 and Appendix B for full details).

2. INTERNAL AUDIT PLAN 2019/20

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2019/20. The table details the strategic objectives which may warrant internal audit coverage. This review of your risks allows us to ensure that the proposed plan will meet the organisation's assurance needs for the forthcoming and future years. As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions and an audit management allocation.

Objective of the review (Strategic area)	Audit approach	Fee	Proposed timing	Proposed Audit Committee
Strategic				
Corporate Governance Continued annual assurance focussing on compliance with the constitution. We will also consider the key elements of governance and the effectiveness and ability to react to and provide informed decisions.	Risk Based	£1,850	Quarter 2	November 2019
Safeguarding To ensure that all Officers and volunteers in a regulated role are subject to the necessary checks and references prior to working with children and vulnerable adults. We will also review the level of training and awareness across the Council.	Risk Based	£2,800	Quarter 1	July 2019
Risk Management Consideration of the current risk management framework and arrangements which will include the risk management strategy, business areas approach to risk, risk register, reporting of risk and mitigations, review and update of the risk registers. Information report to management and committees.	Risk Based	£1,550	Quarter 4	March 2020
Flexible and Lone Working An 'Advisory' audit to review the Council's policies and procedures in place which allows flexible working, to ensure that risk assessments have been undertaken, staff have been provided with relevant training and systems are in place to stay in touch with staff.	Advisory	£2,550	Quarter 1	July 2019
Financial Systems				
Debtors and Debt Recovery This review will seek to ensure that policies and procedures in relation to debt recovery are followed and invoices are raised in a timely manner and debts are collected in line with policy.	Key Controls	£2,200	Quarter 2	November 2019

Objective of the review (Strategic area)	Audit approach	Fee	Proposed timing	Proposed Audit Committee
Payroll and Expenses We will seek to provide assurance that the processes in place for new starters, leavers and contractual changes affecting the payroll are well designed and operatively effectively. We will also review the payment process and ensure all staff receive the statutory paperwork due to them.	Key Controls	£2,400	Quarter 3	March 2020
Council Tax Our audit will provide assurance that procedures in relation to Council Tax are followed and correct charges are being applied and will include identification and recording of persons liable for Council Tax, billing methods and payment collection, recovery and writes offs, segregation of duties, exemptions, discounts and refunds.	Key Controls	£2,400	Quarter 2	November 2019
Housing Benefits, Universal Credit and Council Tax Reduction We will undertake a review to ensure that applications received are done so in line with policy, procedure, and are subject to an independent check. We will also ensure that Officers are not able to work on their own accounts, and that an annual declaration is completed. We will review the payment process, and also the procedure for identifying and recovering an overpayment. Our review will also include how the Council manages and monitors the introduction of Universal Credit and the Council Tax Reduction Scheme. We will also include a review of the interfaces between the Housing Benefits, Council Tax and Housing Ledger, and how these link to the general ledger.	Key Controls	£2,200	Quarter 3	March 2020
Cash and Banking This annual review will ensure that cash and bank processes across a sample of Council departments are operating effectively and will cover the process for receiving and receipting cash income, allocation to customer accounts, banking, and receipt in the Councils bank account. The areas to be focussed on will be agreed with management but will include the processes and controls around the collection of money from donation boxes within the Borough.	Key Controls	£3,950	Quarter 2	November 2019
Main Accounting System We will seek to provide assurance surrounding the operations of the general ledger, and include a review of the processes, segregations and approvals relating to journals and virements, amendments to the chart of accounts, key reconciliations and the rolling forward of closing to opening balances.	Key Controls	£1,550	Quarter 4	March 2020

Objective of the review (Strategic area)	Audit approach	Fee	Proposed timing	Proposed Audit Committee
Service Specific - Health and Community Wellbeing				
Leisure Centres We will review the booking, recording and monitoring processes and controls of the activities that take place at a sample of Leisure Centres to ensure they are followed in line with current policies and procedures. The audit will also ensure there is a clear documented trail between bookings for usage of the Centres and for the collection of related income.	Key Controls	£2,800	Quarter 2	November 2019
Service Specific - Organisational Development and Democratic Services				
IT Review To review the processes employed by the Council for the management of risks in relation to the Council's IT network. Exact scopes to be agreed with management.	Risk Based	£3,950	Quarter 2	November 2019
Recruitment and Retention A review which will consider recruitment procedures across the Council including consideration of safe recruitment practices, attracting and retaining key skills and the introduction of workforce planning.	Risk Based	£2,400	Quarter 3	March 2020
Apprenticeship Levy To review the Council's strategic and operational approach to managing and utilising the Apprenticeship Levy and the delivery of training for both internal/external apprentices.	Risk Based	£2,550	Quarter 2	November 2019
Service Specific - Chief Executive				
Building Control This review will focus on the building control function and include a review of fees and charges in respect of this service.	Risk Based	£2,450	Quarter 1	July 2019
Pre-Application Advice This review will seek to ensure that policies and procedures in relation to fees charged for pre-application planning advice are followed and all such applications are processed timely. Our review will also provide assurance that fees are set within statutory guidelines and all debtors are followed up.	Risk Based	£2,200	Quarter 3	March 2020
Service Specific - Finance				
Emergency Planning and Business Continuity	Risk Based	£2,200	Quarter 1	July 2019

Objective of the review (Strategic area)	Audit approach	Fee	Proposed timing	Proposed Audit Committee
This audit will review the current plan in place considering whether business impact assessments have been completed, priorities have been established and testing of the plan undertaken. We will consider the development of department plans to feed into the Council wide plan.				
Other Internal Audit Activity				
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	-	Quarter 1	July 2019
		£1,550	Quarter 4	March 2020
Management	This will include: <ul style="list-style-type: none"> • Annual planning; • Preparation for, and attendance at, Audit Committee; • Regular liaison and progress updates; • Liaison with external audit and other assurance providers; and • Preparation of the annual opinion. 	-	£10,100	Throughout the year

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

2.1 Working with other assurance providers

The Audit Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

APPENDIX A: YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Chris Williams as your Head of Internal Audit, supported by Amjad Ali as your Client Manager.

Fees

Our fee to deliver the plan is £55,200 (excluding VAT).

Core team

The delivery of the 2019/20 audit plan will be based around a core team. However, we will complement the team with additional specialist skills where required.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to Audit Committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

APPENDIX B: INTERNAL AUDIT STRATEGY 2019-2022

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1 above, as well as our own view of the risks facing the sector as a whole.

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance (Independent review / assurance)					
2016/17	2017/18	2018/19	2019/20	2020/21	2021/22

Audit Area					
Strategic					
Corporate Governance			✓	✓	✓
Organisational Development					
Safeguarding			✓		
Risk Management			✓	✓	✓
Anti-Fraud Review			TBC		
Flexible and Lone Working			✓		

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance
(Independent review / assurance)

2016/17

2017/18

2018/19

2019/20

2020/21

2021/22

Audit Area

Financial Systems

Debtors and Debt Recovery				✓	
Payroll and Expenses				✓	✓
Creditors and e-Procurement				✓	
NNDR				✓	
Council Tax				✓	✓
Housing Benefits, Universal Credit and Council Tax Reduction				✓	
Cash and Banking (2019/20 - including collection from donation boxes)			TBC	✓	✓
Main Accounting System				✓	✓
Treasury Management				✓	
Reconciliations					

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance

(Independent review / assurance)

2016/17

2017/18

2018/19

2019/20

2020/21

2021/22

Audit Area

Service Specific - Health and Community Wellbeing

Events Management					
Enforcement					✓
Partnerships and Voluntary Sector Grant Aid					
Gedling Country Park Visitor Centre					
Community Centres					✓
Landlord Licensing					
External Funding					✓
Leisure Centres				✓	

Service Specific - Organisational Development and Democratic Services

IT Review			✓	✓	✓
Mail Room				✓	

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance

(Independent review / assurance)

Audit Area	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Customer Services and One Stop Shop					✓	
GDPR - Post Implementation Review						
Freedom of Information						✓
Complaints Management / MP Letters					✓	
Recruitment and Retention				✓		
Apprenticeship Levy				✓		
Equality and Diversity						✓
Elections						✓
Members Allowances						✓
Service Specific - Chief Executive						
Geographic Information Systems, Land Charges, Street Naming and Numbering						
S106 Agreements and Community Infrastructure Levy						✓

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance

(Independent review / assurance)

2016/17

2017/18

2018/19

2019/20

2020/21

2021/22

Audit Area

Development Management

Building Control

Pre Application Advice

Service Specific - Finance

Car Parks

Procurement and Contract Management

Payment Card Industry Compliance

Capital Accounting and Asset Management

Budgetary Control and Setting

Housing Needs

Health and Safety

Emergency Planning

✓

✓

TBC

✓

✓

✓

✓

✓

✓

Assurance Provided	
	Red - Minimal Assurance / Poor Progress
	Amber/red - Partial Assurance / Little Progress
	Amber/green - Reasonable Assurance / Reasonable Progress
	Green - Substantial Assurance / Good Progress
	Advisory / AUP
	IDEA

Internal Audit – Third Line of Assurance

(Independent review / assurance)

2016/17

2017/18

2018/19

2019/20

2020/21

2021/22

Audit Area

Grounds Maintenance, Parks and Open Spaces

Cemeteries

PASC Commercial Teams

Green Waste

Trade Waste

Property – Investment, Miscellaneous Properties and
Facilities Management

TBC

Other Internal Audit Activity

Follow Up

TBC

✓

✓

✓

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Gedling Borough Council. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit Committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing;
- Definition of internal auditing;
- Code of ethics; and
- The Standards.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner, Chris Williams (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the Chief Executive and Deputy Chief Executive and S151 Officer.

The head of internal audit has unrestricted access to the Chair of Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Gedling Borough Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Audit Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Audit Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Audit Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'Internal Audit', 'Senior Leadership Team' and 'Cabinet'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior Leadership Team who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.

- Cabinet - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "Cabinet" may refer to a committee or another body to which the governing body has delegated certain functions (eg an Audit Committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope four weeks before the agreed audit start date.
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 10 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Sharefile.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Audit Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the Cabinet in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Cabinet is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Cabinet to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Audit Committee.

Fraud

The Audit Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Audit Committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Gedling Borough Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

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