Gedling
Borough Council

Agenda

Audit Committee

Date:	**Monday 1 June 2020**
Time:	**2.00 pm**
Place:	**Remote Meeting**

For any further information please contact:

Alec Dubberley

Service Manager Democratic Services

0115 901 3906

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Audit Committee

AGENDA Page

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MINUTES
AUDIT COMMITTEE

Tuesday 14 January 2020

Councillor Bob Collis (Chair)

Councillor Meredith Lawrence   Councillor Kathryn Fox
Councillor Liz Clunie   Councillor Helen Greensmith
Councillor Boyd Elliott   Councillor Jennifer Thomas

Officers in Attendance: A Ball and A Dubberley

19   APOLOGIES FOR ABSENCE AND SUBSTITUTIONS.

None.

20   TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 23 JULY 2019

RESOLVED:

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

21   DECLARATION OF INTERESTS.

None.

22   MAZARS ANNUAL AUDIT LETTER 2018/19

The Service Manager Financial Services presented a report which had been circulated in advance of the meeting, presenting the Annual External Audit Letter.

Members thanked the officers involved for their work in delivering the unqualified audit opninion.

RESOLVED:

To accept the Mazars Annual Audit Letter for 2018/19 at appendix 1 to the report, and refer it to Council for information.

23   CORPORATE RISK MANAGEMENT SCORECARD

The Service Manager Financial Services 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. It was noted that the level of risk relating to risk 3 (failure to protect staff, including health and safety issues) had improved since the last meeting due to the completion of electronic risk assessments.

RESOLVED:

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

24   **COUNTER FRAUD AND CORRUPTION STRATEGY AND WHISTLEBLOWING POLICY AND PROCEDURE**

The Service Manager Financial Service introduced a report, which had been circulated prior to the meeting, presenting the Counter Fraud and Corruption Strategy and the Whistleblowing Policy and Procedure for approval.

RESOLVED to:

1) Endorse the Counter Fraud and Corruption Strategy (Appendix 1 to the report) and the Whistleblowing Policy and Procedure (Appendix 2 to the report) for referral to Cabinet for approval; and

2) Note the key implementation actions at paragraph 2.5 of the report.

25   **INTERNAL AUDIT PROGRESS REPORT 2019/20**

The Service Manager Financial Services introduced a report, which had been circulated prior to the meeting, summarising the outcome of the internal audit activity completed by the RSM Internal Audit Team for the period July 2019 to December 2019.

An additional report, which gave further details of other assignments completed, was distributed at the meeting.

RESOLVED:

To note the actions taken or to be taken.

26   **ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT.**

None.

The meeting finished at 6.10 pm

Signed by Chair:
Date:

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Report to Audit Committee

Subject: **The Draft Internal Audit Plan and Strategy 2020/21 – 2022/23**

Date: **1 June 2020**

Author: **Greg Rubins, Head of Internal Audit (BDO)**

1. Purpose of the Report

To report on the planned internal audit activity for 2020/21 and a three-year strategy.

Having taken account of any comments made by this Committee the final report will be passed to the Assistant Director - 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.
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2. Background

Our role as internal auditors is to provide independent, objective assurance designed to add value and improve your performance. Our approach is to help you accomplish your objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards.

Our risk based approach to Internal Audit uses the Council's own risk management process and risk register as a starting point for audit planning as this represents the Gedling Borough Council's own assessment of the risks to it

achieving its strategic objectives. This is built upon by our understanding of the sector from other local authorities and other sectors.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects Gedling Borough Council's current risk profile.

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

3. Planned Internal Audit Activity for 2020/21

<u>Audit Reports</u>

The performance target is 10 issued audit reports for the 2020/21 financial year.

4. Resource Implications

To be delivered within existing budgets.

5. Appendices

BDO Internal Audit Plan and Strategy 2020/21 – 2022/23.

GEDLING BOROUGH COUNCIL

PROPOSED STRATEGIC AND ANNUAL OPERATIONAL INTERNAL AUDIT PLAN

Strategic   2020-2023

Annual Operational   2020-2021

IDEAS | PEOPLE | TRUST

BDO

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

Introduction

Our role as internal auditors is to provide independent, objective assurance designed to add value and improve your performance. Our approach, as set out in the Firm's Internal Audit Manual, is to help you accomplish your objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards.

Internal Audit at Gedling Borough Council

In producing the internal audit plan for 2020-23 we would seek to further clarify our initial understanding of the Council together with its risk profile in the context of:

- The overall strategy and objectives of the Council

- The key areas where management wish to monitor performance and the manner in which performance is measured

- The financial and non-financial measurements and indicators of such performance

- The key challenges facing the Council.

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

Background

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The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects Gedling Borough Council's current risk profile.

Planned approach to internal audit 2020/21

The indicative Internal Audit programme for 2020/21 is shown on the next page, with an indicative strategic plan for 2020/21 to 2022/23 shown on the pages subsequent to that. We met with the senior management from the finance team in order to bring together a full plan which will be presented at the March 2020 Audit Committee. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three year audit cycle. In setting the number of days in the plan we have assumed that the control environment within the Council will improve as we work with you to address the issues you have.

Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required we will obtain approval from the appropriate Executive Director prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff.

Variations to the Plan

We review the three year strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we are undertaking, demonstrating we are focussing on your most important issues.

As such our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Executive Directors.

INTERNAL AUDIT PLAN 2020 - 2021

Risk based plan

This is an indicative plan and we will work with you to refine it. We have aligned our audit plan to the areas that matter to you.

Area	2020/21	Most Relevant Risk Reference	Focus Area	Indicative Date
1. Budget Management and Efficiency	15	1,2	Strategic Risk and Internal Control	Q3
2. Commercialisation	15	2	Value for money	Q2
3. Main Financial Systems inc. payroll	18	2	Internal Control	Q3
4. Council Tax/NNDR	12	2	Internal Control	Q3
5. Health and Safety inc. Events	12	3, 6, 8	Strategic Risk and Internal Control	Q4
6. Sickness Management	12	4	Internal Control	Q3
7. Digital Strategy	15	5, 10	Strategic Risk and Internal Control	Q2
8. Cyber Risk Review	15	5	Strategic Risk and Internal Control	Q1
9. Project Management inc. Capital Projects	12	6	Strategic Risk and Internal Control	Q2
10. Waste and Recycling	15	7	Strategic Risk and Internal Control	Q2
Management Time	7	All		Q1 – Q4
Follow-up	7	All		Q1 – Q4
Grand total	**155**			

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
1. Budget Management and Efficiency High Performing Council and Vibrant Economy 1. Failure to prevent budget overheating once the budget has been set 2. Failure to maintain financial integrity	15			We will review the Council's budget monitoring protocols focussing on the efficiency programme and focus on whether discussions are happening at the right frequency, with the right people and with good discussion and clear actions set. Furthermore our sample testing will assess the approval of virement, how concerns are escalated and how these feed into the budget monitoring which is reported to management.	The Engagement Senior Manager and Senior will attend at least 5 budget monitoring meetings to listen into discussions and then hold open discussions afterwards to understand the effectiveness of the meeting. We will then facilitate a round-table discussion with Finance Budget Managers and Service Area Managers to discuss themes identified and generate agreed improvements moving forward. Therefore this review will go well beyond a desktop exercise.
2. Commercialisation High Performing Council and Vibrant Economy 2. Failure to maintain financial integrity	15			• Assess the Council's overall approach to income generation for non-statutory services; how this is monitored beyond income targets in budgets and the level of analysis/assessment undertaken to understand the market and set accurate rates • To review whether rates charges are supported by sound and robust data justifying the fees • Review the Fees and Charges Schedule and also the business plans, focussing on tree teams and trade waste and garden waste to deep-dive into arrangements and whether these are managed/monitored effectively • Benchmark certain activity to others to identify where the Council may have opportunities to reconsider their offering	We will compare your Scale Fees and Charges (Charging Strategy) to other Councils. Most recently we have done this with a District Council and compared to all other Districts across the Hertfordshire region. This then rated each fee in terms of whether it was over/under/in-line and then practical suggestions on how changes could be made were set out. The Engagement Senior Manager ran a workshop to all Section 151 Officers across Hertfordshire on 16 March 2018 on Income Generation and Company arrangements. We jointly ran an event on Local Government Commercialisation in the Birmingham BDO Office with CIPFA Midlands in March 2018; we repeated this in February 2020.
Total	30	-	-		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
3. Main Financial Systems inc. payroll High Performing Council 2. Failure to maintain financial integrity	18	18	15	Payroll: • Assess the adequacy payroll policies and procedure guides in place – particularly around new starters and leavers • Sample test employees to review whether they have been paid correctly based on the input information • Review management reporting of payroll information General ledger, accounts payable and receivable: This review will assess: • Whether Schemes of Delegation have been followed • Review access to system • Assess documentation is completed and approved as expected i.e. purchase orders, invoice request forms, pay runs or monthly reconciliations Treasury Management: • Treasury arrangements reviewed from Strategy to Member training or controls around how deals are reviewed/approved Each year we will assess each of these areas and either cover all areas on a higher level or deep dive into particular financial areas.	BDO have completed these standard reviews of main financial systems at several local authority clients. These form part of our standard internal audit plan so we could use our experience obtained from reviews at other local authority clients to share best practice. For the treasury management review we can incorporate data analytics into this process if your data/systems allow and we can share this with you to give comfort over key areas such as 'three-way match' on accounts payable or breach of scheme of delegation.
Total	**18**	**18**	**15**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
4. Council Tax/NNDR High Performing Council and Strong and Dynamic Council 2. Failure to maintain financial integrity	12			This review will assess: • Council tax and NNDR policies i.e. council tax reduction scheme in terms of its review and approval • VOA returns back to what is recorded on systems • The process to issue demands and whether discounts or values have been applied correctly • How amendments to demands are actioned and critically how they are followed up • Assess KPI reporting on this area and how action is implemented • Focus on collection of debt for council tax and NNDR in this review	We have undertaken numerous such reviews at all local authorities we work with. We will assign an experienced member of staff who can map/compare your arrangements to drive the best practices to your control environment to suggest improvements.
Total	**12**	**-**	**-**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
5. Health and Safety inc. Events High Performing Council and Strong and Dynamic Council 3. Failure to protect staff, including health & safety issues 6. Failure to protect & utilise physical assets 8. Failure of contractors or partnership arrangements – contractual breaches	12			• Review Health and Safety Policies – how these were produced, what do they cover, were they approved and do staff understand them • Assess training in this area and whether arrangements are effective • Review how incidents are reported and then managed/escalated • Assess how sites are maintained to ensure they are safe. This includes Council offices and Council housing properties • Assess performance indicator information and reporting to management groups who assess this. We will review minutes and interview key stakeholders • Understand and assess how the Council assess contractor risks in this area	Our auditor proposed, Pavan Mohan, has undertaken 3 reviews of health and safety in the last 6 months across the sector. As part of this she has worked with our wider BDO colleagues to compare arrangements to best practice and from the Institute of Safety and Health (IOSH) which is a BDO internal audit client. We would do the same with you and use the wealth of knowledge we have with highly experienced staff to assess your arrangements and drive improvements in your control environment. With regards to the mandatory training finding raised previously we would want to conduct data analytics on the mandatory training figures to assess the whole population. We also do not believe the report you received gets to the root cause – we will understand this as part of our follow-up to improve the control environment.
Total	**12**	**-**	**-**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
7. Workforce Strategy and Agile Working Strategy High Performing Council 4. Failure to recruit and retain staff, and maintaining internal capacity			12	• Assess how the Workforce Strategy is monitored and progress is reported • Review whether actions against the Plan are clear and achievable • Focus on particular Strategic Aims in the Strategy taking each point and identifying where sufficient progress has not been made what the root cause of this is.	We can compare your people Strategy to other Councils and identify any further actions which could enhance the Strategic Aims in place. The Engagement Senior Manager can also attend meetings where the Strategy has been discussed to agree Terms of Reference, report findings and facilitate a group discussion on the Strategy based on the outcome of the review.
8. Recruitment and Retention High Performing Council 4. Failure to recruit and retain staff, and maintaining internal capacity			12	• Test 20 recent recruitment campaigns to identify whether protocols are followed and assess if they were successful – this will involve a root cause analysis for where things have worked well and not well • To assess the monitoring, reporting and oversight of recruitment i.e. how management judge the success of the Council's overall processes and take action to continuously improve • Review how particularly difficult areas to recruit into are managed and whether changes made are effective.	We will: • Map your recruitment processes to best practice Councils and identify efficiencies or better processes. We will include the recruitment map vs. best practice in our report • Discuss innovative practices on difficult areas to recruit into with Hiring Managers and the Recruitment Team to see how these can be implemented i.e. recently we advised a Council on how to greater use social media and compared their e-platforms to others in terms of how the Council promotes itself.
Total	-	-	24		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
9. Sickness Management High Performing Council 4. Failure to recruit and retain staff, and maintaining internal capacity	12			• Review your Sickness Management Policy - how these were produced, what do they cover, were they approved and do staff understand them • Assess training in this area and whether arrangements are effective • Review how sickness cases are reported and then managed/escalated – assessment of what managers do and how they record evidence of this to comply with the policy • Assess performance indicator reporting and how the Council take action on this operationally and strategically	We have a huge wealth of experience in this area across the public sector. This includes best practices from within local government and the NHS who face particular challenges with sickness and have created unique ways to resolve these challenges. We would compare your arrangements and share best practices with you.
10. Cyber High Performing Council 5. Failure to properly utilise existing ICT, react to technology changes, and prevent data loss	15	15		• Review overall approach to Cyber including how systems are identified and prioritised • Review overall Security Policies, risk identification and management • Assess connections and reliance on third-parties and how exposure is managed • Review how staff are trained and supported as they are the gate keeper to cyber risks • Assess technology and tools in place to identify and mitigate cyber risks • Assess response management procedures.	As a firm we offer Cyber Training to Members where other Members/Non-Executives are given free training and support on the questions they should ask of their organisations – we will offer this to the Council also.
Total	**27**	**15**	**-**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
12. Digital Strategy High Performing Council 5. Failure to properly utilise existing ICT, react to technology changes, and prevent data loss 10. Failure to maintain service standards, customer satisfaction, and/or meet customer expectations	**15**			Digital Strategy • Review the Digital Strategy and its effectiveness and approval • We will engage with staff forums to assess the embeddedness of the digital first culture • Assess the actions and the implementation of these from the Strategy • We will review governance processes in this area and how effective this this • We will also review minutes and management reporting and assess if this is complete, accurate and robust	We have undertaken numerous such reviews most recently at Northampton Borough Council. As part of this we compared the Strategy in the appendix to other authorities to ensure that the Strategy in place was in line with peers which led to recommendations in our report. This review will be led by our proposed IT Audit Manager who is CISA qualified and highly experienced in such reviews.
Total	**15**	**-**	**-**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
13. GDPR and Information Governance High Performing Council 5. Failure to properly utilise existing ICT, react to technology changes, and prevent data loss 7. Failure to react to changes in legislation		12		We will assess whether your GDPR readiness arrangements are sound vs. the ICO requirements. There will then be a significant focus on how the Council ensure they are compliant which will include sample testing data from different parts of the Council to ensure it is now compliant. We will also assess the arrangements in place to ensure there is sufficient staff capacity to meet requirements, how reporting is effective and how lessons learned are shared to ensure good/poor practice is promoted/stamped out.	We will deploy our IT Audit Manager who is a specialist in this area having undertaken numerous GDPR readiness reviews supporting Councils around the country on their arrangements to be prepared. We know what good looks like and once the new arrangements are in place we will involve our specialist to assess your compliance and any key weaknesses and exposures and how these can be managed. Councils may struggle with new requirements and we will have immediate access to the national mood/position on this area and will regularly liaise with your staff to share knowledge.
14. Asset Management Plan and Property Review Vibrant Economy 5. Failure to properly utilise existing ICT, react to technology changes, and prevent data loss 6. Failure to protect & utilise physical assets		12		• Review the Asset Management Plan – how this was produced, scrutinised and approved to ensure its effectiveness • Review individual actions and their implementation from plan • Interview key stakeholders involved in the process to get a deeper sense of what works well and could be improved in the process • Includes review of Commercial Investment Strategy	We have undertaken numerous such reviews whether looking at large asset management plans or investment property plans. One of our clients is London Borough of Southwark and whilst they are a unitary, they are in the top three asset owners across Councils in the UK. Our experience here and across our second tier authorities can bring best practice arrangements and comparison of your plan to others ensuring comparisons are relevant to your size/type of Council.
Total	-	24	-		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
15. Project Management inc. Capital Projects High Performing Council 6. Failure to protect & utilise physical assets	12			We will deep-dive into the Council's project management arrangements from project initiation through to on-going monitoring, and reporting to ensure financial, reputational and time related risks are managed and reported effectively. We will assess a mixture of different projects at different parts of the project lifecycle and check adherence to the Council's project management procedures and best practice.	We will deploy a PRINCE2 qualified consultant to undertake this work. We have undertaken such reviews at many public sector organisations and are familiar with manual and system software which support the process. Our approach will compare your approach to PRINCE2 methodology and whether it is working in reality.
16. Safeguarding Cohesive Diverse and Safe Communities 7. Failure to react to changes in legislation 13. Failure to react to social-economic trends			12	Review to identify how the Council identifies all roles and activities which may have impact on safeguarding concerns. From here to assess the controls around training and re-training and different levels of training depending on the type needed. Assess governance arrangements, who attends and how decisions and actions are taken to ensure safeguarding is appropriate. Review relationship with section 11 forms and reporting to Adult and Childrens Safeguarding Boards i.e. representatives.	We have undertaken numerous such reviews and this has included supporting Councils to improve training compliance and deep diving into root causes of where non-compliance happens how it can improve. We work with all tiers of local government and parts of the NHS and therefore understand the importance of working with stakeholders.
Total	**12**	**-**	**12**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
17. Counter Fraud and Corruption Strategy High Performing Council 6. Failure to protect & utilise physical assets 7. Failure to react to changes in legislation			12	• Review of the Strategy in place and challenging how this was formed • Comparison to our understanding of the Council's activities and emerging risks we see across the public sector • Interview key personnel in legal services, HR, procurement, contract management, IT and finance to understand the key fraud risks in place	We have a specialist counter fraud team within BDO who are qualified counter fraud specialists. They will support this review and can deliver training to your teams as we did at Oxford City Council in 2018 free as part of the review.
18. Waste and Recycling Sustainable Environment 7. Failure to react to changes in legislation	15			• Review reporting and governance around bin collection as a whole • This includes assessing the validity of data collected • Assess how bin rounds, staffing and weather challenges are managed and escalated as necessary • Review customer satisfaction arrangements • Understand and assess arrangements to pick up complaints and action these and also Member concerns picked up from residents/Surgeries they hold • Focus on how future demand has been assessed and then how the Council has created plans and monitor them to meet these demands	We will compare your arrangements to other Council's and identify differences whether practices may be more enhanced or stronger to drive value in the operations you have in place.
Total	**15**	**-**	**12**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

Risk based plan

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
19. Environmental Health Services and Enforcement High Performing Council and Sustainable Environment 7. Failure to react to changes in legislation		12		• Review of overall environmental services policies and procedures – are these up to date, accurate and robust and understood by staff • Review samples of case studies across different environment services areas to ensure that they are complied with • Assess governance and reporting information in the areas focussing on the breadth and depth of performance indicators to improve arrangements and whether action is being taking	We have undertaken numerous such reviews and would share best practices with you and compare your arrangements to others.
20. Licensing High Performing Council and Vibrant Economy 7. Failure to react to changes in legislation		12		• Review of overall licensing policies and procedures – are these up to date, accurate and robust and understood by staff • Review samples of case studies across different licensing areas i.e. taxi, gambling, adult establishments or houses of multiple occupation to ensure that they are complied with • Assess governance and reporting information in the areas focussing on the breadth and depth of performance indicators to improve arrangements and whether action is being taking • Review Member training and understanding of the risks in this area particularly around taxi licensing	We have undertaken numerous such reviews and would share best practices with you and compare your arrangements to others. On taxi licencing we have a significant amount of experience of assessing how local arrangements manage risks around child sexual exploitation and safeguarding/DBS and other arrangements are robust to mitigate risks.
Total	-	24	-		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
21. Environment Sustainable Environment 7. Failure to react to changes in legislation 12. Failure to react to an environmental incident or malicious act		12		• Review of Council policies and overall strategies to set, approve and achieve environmental aims • This will include interviewing key stakeholders and Members who may champion this area • Compare your arrangements to other local authorities • This will be an assessment of certain areas in a deeper dive way i.e. how you think about staff and supplier impacts on the environment and improve your arrangements to achieve a more environmentally friendly outcome in your area • Assess your corporate reporting in this area and how this is owned, monitored and actioned • Key focus of review will be how Council meets Carbon Reduction aims	We work with Oxford City Council who have declared a climate emergency and are undertaking a review in this area in 2019-20. We would share their arrangements with you to see where ideas they are pursing could be brought into your authority to help improve your control environment where applicable.
22. Housing Benefits Cohesive Diverse and Safe Communities 7. Failure to react to changes in legislation 13. Failure to react to social-economic trends		12		• Assessment of benefit cases against evidence retained on systems • Work closely with external audit and understanding any risks/concerns they may have raised in their review of your benefit claim • Review your processes around staff capacity and capability and structure to reduce processing times • Assess reporting information in this area and how local operational and senior strategic teams assess performance and whether information reporting is robust and effective to make improvements • Includes Council Tax Reduction scheme assessment i.e. approval and compliance	We have worked closely with Councils who have had to return large amounts back to Government due to failures identified in their subsidy returns (c.£300k). As part of this with one Council we compared their arrangements to others across how they identify possible cases which may be non-compliant and be local authority error cases in the future and the controls they have in place. We can share this with you and see if there are any you can apply
Total	-	24	-		

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
23. Homelessness and Temporary Accommodation Cohesive Diverse and Safe Communities and Vibrant Economy 7. Failure to react to changes in legislation 13. Failure to react to social-economic trends		12		• Review of Homelessness Strategy 2015-2020 in terms of monitoring, reporting and escalation • Select samples of homelessness cases and ensure they are processed in-line with protocols • Focus on how the Council ensures new requirements around proactive engagement with people at risk of homelessness, particularly with those from vulnerable and disadvantaged groups happens and if it is effective • Review the additional Officer time needed to comply with new procedures i.e. Actions on preventions and relief and if capacity/training is robust • Review additional DCLG reporting and data validity	We have worked with Council's who have Gold Standards in this area who have particularly high numbers of homeless people present themselves. This includes those in City Council conurbations or those such as London Borough of Southwark who are the third largest Housing Provider in the country and have significant homeless people present themselves. Whilst all these processes may not be applicable, it is often in these Councils where early innovations and new practices start and we can share these with you.
24. Procurement and Contract Management High Performing Council 8. Failure of contractors or partnership arrangements – contractual breaches		12		• Review procurement exercises vs. protocols for compliance • Review the Strategy vs. progress and reporting • Review counter fraud controls in process for adequacy • Review contract management meetings and interview key stakeholders • Review contracts in place and whether they are approved and complied with • Observe contract management meetings and assess if these are effective • Review of process for entering into contracts to assess compliance with Contract Standing Orders and Financial Regulations	We can compare the Strategy to other Councils to identify other practices or enhanced practices to drive improvement. We have also deliver counter fraud training sessions on Procurement.
Total	-	24	-		

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Risk based plan

This is an indicative plan and we will work with you to refine it. We have aligned our audit plan to the areas that matter to you.

Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
25. Corporate Governance and Performance Management inc. complaints All 9. Inability to defend one-off challenges to a Council decision or new compensation trend emerges 11. Failure to prevent damage to the Council's reputation			18	Governance • Review the Governance structure and ensure that this is operating reasonable against CIPFA Good Governance Code • Assess the SIP Plans in place and if these are developed and managed effectively • Review the process to identify performance measures and test the data which feeds into them • Observe the meetings where performance is discussed and assess if this is effective • Interview key personnel involved in the process Complaints • Review Complaints Policies – how these were produced, what do they cover, were they approved and do staff understand them • Assess training in this area and whether arrangements are effective • Review how incidents are reported and then managed/escalated	We have supported Councils in their presentation and reporting of performance information to make it as effective to support decision making i.e. is it summarising the most useful information in the right way at the right time? We will share this knowledge with you to support any enhancement in your processes.
26. Risk Management All 9. Inability to defend one-off challenges to a Council decision or new compensation trend emerges 11. Failure to prevent damage to the Council's reputation		12		• Use our Risk Maturity Toolkit to advise where the Council sit in terms of risk management on a five-point scale from Naive to Enabled • Assess how the Council system is used and if risks are engaged with well and updated effectively to manage and mitigate risks • Interview key personnel involved in the process	A member of our Team, Charlotte Thomas, has also supported the process of risk management at the London Borough of Southwark 1 day a week. This involved ensuring risk management connects across the Council and support the delivery of training. This significant experience will be brought to this review.
Total	**-**	**12**	**18**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

Risk based plan

This is an indicative plan and we will work with you to refine it. We have aligned our audit plan to the areas that matter to you.

Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
30. Planning and S106 inc. CIL Vibrant Economy 11. Failure to prevent damage to the Council's reputation			12	• Select a sample of planning applications across minor, major and others to assess whether legislative and system protocols are adhered to • Review the data behind reported information for accuracy and completeness and assess the effectiveness of the oversight/scrutiny of data • Review steps taken to engage with Members and stakeholders in the process • Review complaints/appeals processes for robustness • This review will include reviewing CIL arrangements	The Engagement Manager attended the Aylesbury Vale District Council Development Management Committee, interviewed applicants, interviewed Lead Members and attended a Member training on planning to understand the service from all perspectives. Similar techniques including liaising with Parishes will be adopted here. We can also compare your pre-app fees to identify benchmarks.
Total	**-**	**-**	**12**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

This is an indicative plan and we will work with you to refine it. We have aligned our audit plan to the areas that matter to you.

Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
31. Business Continuity and Emergency Planning High Performing Council 12. Failure to react to an environmental incident or malicious act 3. Failure to protect staff, including health and safety issues			12	Review Council arrangements for the overall Business Continuity and Disaster Recovery Plan. This includes how this Plan interacts with local service plans and whether there is adequate oversight that these all remain up-to-date, regularly assessed and/or tested via desktop scenarios or live testing. A critical focus will be on where arrangements link to supplier system/arrangements and the strength of these.	We have conducted numerous such reviews and will deploy our specialist, Chris Culbert. Most recently this was performed at Oxford City Council which has led to significant re-focussing on this area and development of up-to-date Plans and testing supported by a strong follow-up and regular reporting to Committee to give assurance on progress.
32. Gedling Health and Wellbeing Healthily Lifestyles 13. Failure to react to socio-economic trends			12	• Review of the activities of the group but particularly the Council's contribution to this group • Understand how the Council engages with the group and understands its role and monitors/takes action to ensure the overall objectives are met • Review minutes/actions and interview stakeholders in and out of the Council to understand the effectiveness of Council input and how this could improve	The Engagement Lead and Senior Manager work with Sport England very closely and therefore can engage with these partners. The whole team work on NHS clients and we have experience of assessing STPs and fully understand the challenges of the NHS and can again support the challenges faced with these partners and offering our strategic input.
Total	-	-	24		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

Risk based plan

This is an indicative plan and we will work with you to refine it. We have aligned our audit plan to the areas that matter to you.

Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Description of Review	Value BDO will add
33. Generating External Income High Performing Council 1. Failure to prevent budget overheating once the budget has been set 2. Failure to maintain financial integrity			13	Review Council arrangements for how external sources of income via grants are identified, managed and successfully bid for.	We have performed reviews in this area for other District Councils and have ideas on income generation we can share with you
34. Building Control Vibrant Economy 11. Failure to prevent damage to the Council's reputation			12	Review arrangements for building control from policies and procedures, to how individual cases are recorded and documented to comply with rules and regulations. Also, to assess capacity and capability of the team including training/support to deliver their role.	We can benchmark you against other Councils
Total	**-**	**-**	**25**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

This is an indicative plan and we will work with you to refine it. We have aligned our audit plan to the areas that matter to you.

Area	Year 1	Year 2	Year 3	Value BDO will add
GRAND TOTAL AUDIT DAYS	141	141	142	
Management Time	7	6	5	We will have strong on-site presence with experience Management and a CIPFA-led Team.
Follow-Up	7	6	5	We will follow-up and report all Medium and High recommendations quarterly including those of the predecessor. We will have strong on-site presence and can use SharePoint to track findings. However, our experience is that our relationships with staff and on-site presence is the most effective tool to ensure effective follow-up and not systems.
GRAND TOTAL DAYS	155	153	152	We believe the current days per year are low for a Council of your size and based on benchmarking against similar Councils across the Midlands. We offer value by increasing the days at a competitive rate, with access to a leading provider with significant experience in the sector.

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

Here we have set out other reviews we considered as part of the Plan however, they have not been included. In line with best practice PSIAS it is recommended to do this – we have given reasons for exclusion. The Plan we have submitted is a Draft Plan and if appointed, we would go through as extensive a process as required typically holding discussions with senior management, attending relevant management meetings and speaking with the Chair of Audit Committee. As part of any revisions through this process the below list will act as a useful list for discussion to consider where reviews in the current Plan may be swapped for those below.

Area	Reason for exclusion
Mail Room	This has been completed in 2018-19 and received Substantial assurance therefore has been excluded. This will be followed-up by us so assurance of implementation of actions will still be obtained.
Gedling Country Park Visitor Centre	This has been completed in 2018-19 and received Substantial assurance therefore has been excluded. This will be followed-up by us so assurance of implementation of actions will still be obtained.
Grants	We recognise you may require our support to undertake grant reviews such as disabled facilities grants returns. We also recognise that some County Council's do not require their districts to undertake an annual audit of disabled facilities grant and we have seen a trend in County Council requirements for such a review each year reducing. We do see that in 2019-20 you have received a review in this area resulting in 1 medium and 4 low findings and we would follow this up. If a review is needed then we would work with the plan and ensure that time for this can be included in the plan within the total days we have submitted.

APPENDIX I
Internal Audit Charter - Role and Scope of Internal Audit

Purpose of this charter

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS). The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within Gedling Borough Council, and defines the scope of internal audit activities.

Final approval resides with the Audit Committee (through discussion with the Section 151 Officer), in practice the charter shall be reviewed and approved annually by management and by the Audit Committee on behalf of Executive Management.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

Internal audit's mission

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Standards of internal audit practice

To fulfil it's mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

Internal audit definition and role

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

Internal audit acts primarily to provide the Audit Committee and Section 151 Officer with information necessary for it to fulfil its own responsibilities and duties. The Section 151 Officers role is to ensure Council is compliant with the statutory requirements for internal audit as set out in the 1972 Local Government Act. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

Internal audit's scope

The scope of internal audit activities includes all activities conducted by Gedling Borough Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive (Head of Internal Audit) to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

Effective internal audit

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter
- It conforms with the Standards
- Its individual members conform with the Code of Ethics and the Standards
- It considers trends and emerging issues that could impact the organisation.

The internal audit activity adds value to Gedling Borough Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

APPENDIX I
Internal Audit Charter – Independence and objectivity

Independence and internal audit's position within Gedling Borough Council

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Audit Committee. The Head of Internal Audit has free and full access to the Chair of the Audit Committee. The Head of Internal Audit reports administratively to the Head of Financial Services (Section 151 Officer) who provides day-to-day oversight and is charged with ensuring the Council is compliant with statutory requirements for the internal audit function.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit Committee.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for Gedling Borough Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Approval of the arrangements for such engagements will be sought from the Section 151 Officer and Audit Committee prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the Section 151 Officer and Audit Committee.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the Audit Committee to discuss the implications.

Internal audit's role in fraud, bribery and corruption

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspect a fraud, this will be referred to appropriate management in the first instance and then the audit committee.

Access to records and confidentiality

There are no limitations to internal audit's right of access to Gedling Borough Council officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, for example the General Data Protection Regulations 2018.

Coordination and reliance with other assurance providers

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

APPENDIX I
Internal Audit Charter - Internal Audit Commitments

Internal audit's commitments to Gedling Borough Council

Internal audit commits to the following:

- working with management to improve risk management, controls and governance within the organisation
- performing work in accordance with PSIAS
- complying with the ethical requirements of PSIAS
- dealing in a professional manner with Gedling Borough Council staff, recognising their other commitments and pressures
- raising issues as they are identified, so there are no surprises and providing practical recommendations
- liaising with external audit and other regulators to maximise the assurance provided to Gedling Borough Council reporting honestly on performance against targets to the Section 151 Officer and Audit Committee.

Internal audit performance measures and indicators

The tables on the right contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The Audit Committee should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

Quality assurance and improvement programme

As required by PSIAS an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the Section 151 Officer and Audit Committee as part of the internal audit annual report, along with corrective action plans.

Table One: Performance measures for internal audit

Measure / Indicator
Audit Coverage
Annual Audit Plan delivered in line with timetable
Actual days are in accordance with Annual Audit Plan
Relationships and customer satisfaction
Customer satisfaction reports – overall score at least 70% for surveys issued at the end of each audit
Annual survey to Audit Committee to achieve score of at least 70%
Staffing and Training
At least 60% input from qualified staff
Audit Reporting
Issuance of draft report within 3 weeks of fieldwork `closing' meeting
Finalise internal audit report 1 week after management responses to report are received.
Audit Quality
Positive result from any external review

APPENDIX I
Internal Audit Charter - Management & Staff Commitments

Management and staff commitments to Internal Audit

The management and staff of Gedling Borough Council commit to the following:

- providing unrestricted access to all of Gedling Borough Council's records, property, and personnel relevant to the performance of engagements
- responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- implementing agreed recommendations within the agreed timeframe
- being open to internal audit about risks and issues within the organisation
- not requesting any service from internal audit that would impair its independence or objectivity
- providing honest and constructive feedback on the performance of internal audit

Management and staff performance measures and indicators

The following three indicators are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each Audit Committee progress report.

Table Two: Performance measures for management and staff

Measure / Indicator
Response to Reports
Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt
Implementation of recommendations
Audit sponsor to implement all audit recommendations within the agreed timeframe
Co-operation with internal audit
Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff

BDO contacts

Name	Grade	Telephone	Email
Greg Rubins CPFA	Partner	0238 088 1892	Greg.Rubins@bdo.co.uk
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Report to Audit Committee

Subject: **Corporate Risk Management Scorecard Quarter 3 2019/20**

Date: **1 June 2020**

Author: **Assistant Director - 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.

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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 approach 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 2019 are appended to this report, and this includes a summary of all control gaps currently identified on the Council's Corporate Risk Register.

Whilst Appendix 1 details the monitoring of the Corporate Risk Register up to quarter 3, Members will be aware of the risks emerging during quarter 4 from the national outbreak of the coronavirus, Covid-19. Officers are engaged in assessing all of the potential risks, for example, to service delivery, health and safety and financial impacts, and will determine how these can be mitigated and managed. As a mitigation measure, business continuity plans are being reviewed and updated in accordance with latest advice from Public Health England.

4. Financial Implications

None arising directly from this report.

5. Appendices

Appendix 1 - Corporate Risk Register Monitoring – Quarter 3, December 2019

Appendix 2 - Risk Management Scoring Matrix

Appendix 1 - Corporate Risk Register Monitoring – Quarter 3, December 2019

1	**FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET** **Owner: Mike Hill** **Current Risk and Direction of Travel: GREEN – IMPROVEMENT** **Definition:** *Shorter term implications of overspending budgets or not collecting as much income as forecasted. This can cause adverse impact on Council balances.* **Key Risk Driver:** Financial Impact **Raw Risk Value:** Serious - £50k - £500k **Corporate Risk Register Outstanding Controls:** Actions completed during quarter 3: • Quarter 3 budget monitoring has been completed and the report to Cabinet in January confirmed that the projected outturn is expected to be in line with the budget. The report included an update on the progress made with the delivery of the Council's approved 2019/20 efficiency programme of £1,086,300. It confirmed that projects totalling £435,500 will not be delivered during 2019/20 (majority deferred to future years) but this has been contained within the Cabinet's maximum budget by application of the budget reduction risk reserve set aside for this purpose, and other savings identified across the Council. Actions outstanding: • Budget monitoring processes will continue in quarter 4 but the risk of the budget overheating in 2019/20 is now considered low. Consequently, there are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.
2	**FAILURE TO MAINTAIN FINANCIAL INTEGRITY** **Owner: Mike Hill** **Current Risk and Direction of Travel: RED – NO CHANGE**

Definition:

Affecting the ability of the Council to meet its financial commitments in the longer term.

Key Risk Driver: Financial Impact

Raw Risk Value: Critical - £1m+

Corporate Risk Register Outstanding Controls:

The Council's financial position remains extremely challenging and future funding remains uncertain.

Actions completed during quarter 3:
- A full review of the Council's 2019/20-2022/23 £2.58m efficiency programme has been completed and this identified a minor shortfall of £46,000 that cannot be delivered. It is recognised that the risk of non-delivery of the remaining programme is increased due to the uncertainties inherent in more innovative commercial approaches. Recommendations for the future 2020/21-2022/23 programme totalling £1.924m were approved by Budget Council on 5 March and its effective delivery is recognised as essential to the achievement of a balanced and sustainable Medium Term Financial Plan (MTFP). The programme includes a new target of £250,000 to be delivered from 2020/21 which is not yet supported by outline business plans which means this aspect of the plan is less robust. However, as savings are not proposed for delivery until year 2 of the MTFP this gives a good lead in time to enable the development of detailed plans;
- A full review of the Council's 5 year MTFP was completed as part of the 2020/21 budget process. The MTFP sets out the estimated future funding position and the associated risks due to the uncertainties surrounding the Fair Funding Review, Business Rates Retention and New Homes Bonus. The Government have confirmed a one year only local government finance settlement for 2020/21 which means the reviews for the future funding of local government have been deferred for a year. This continues to inhibit effective medium term financial planning and the achievement of a sustainable financial position. The latest MTFP and associated risk issues were considered by Budget Council on 5 March;
- Monitoring of the Brexit impact, which is recognised as an additional risk to the achievement of a balanced Medium Term Financial Plan, is ongoing.

Actions outstanding:
- Implementation of Advertising, Sponsorship and Marketing strategies to generate additional funding;

	• Development of a Procurement and Contract Management Strategy to ensure value for money in purchasing; • Ongoing monitoring and delivery of budget efficiency programme; • Continuing consideration of the Council's funding position as the uncertainties listed above unfold.
3	**FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES** **Owner: Mike Hill** **Current Risk and Direction of Travel: AMBER – NO CHANGE** **Definition:** *Ineffective systems, processes and equipment that can present danger to individuals or groups of employees.* **Key Risk Driver:** Health & Safety **Raw Risk Value:** Major – Loss of life / major illness **Corporate Risk Register Outstanding Controls:** Actions completed during quarter 3: • A process has been agreed for the roll-out of emergency evacuation templates at each council location. Actions outstanding: • Full implementation of emergency evacuation templates at each council location.
4	**FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY** **Owner: Helen Barrington** **Current Risk and Direction of Travel: AMBER – NO CHANGE** **Definition:** *Associated with the particular nature of each profession, internal protocols, managerial abilities, and sickness levels.* **Key Risk Driver:** Service Provision

Raw Risk Value: Serious – Significant elements of a service suspended / reduced

Corporate Risk Register Outstanding Controls:

As a consequence of budget pressures, decreasing workforce, increasing workload and higher 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.

Actions completed during quarter 3:
- The Flexible and Agile Policy was approved by ACSC and has been rolled-out across the organisation together with associated health and safety guidance and appropriate IT solutions e.g. laptops.

Actions outstanding:
- Development of a Workforce Strategy - to ensure that staff are creative, flexible and have the right skills to respond positively to the challenges that lie ahead.

| 5 | **FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS** |

Owner: Helen Barrington

Current Risk and Direction of Travel: RED – NO CHANGE Definition:

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.

Key Risk Driver: Objectives

Raw Risk Value: Major – Directorate objectives not met

Corporate Risk Register Outstanding Controls:

Actions completed during quarter 3:
- The required amendments to the Abritas Housing Needs system to secure GDPR compliance have been identified and a specification will be finalised with the software provider in quarter 4;
- General Data Protection Regulations – the delivery of the project plan to ensure that the Council responds to the requirements of

the Act is nearing completion. Information Asset Registers have been completed with a final review now expected in quarter 4;
- Ongoing implementation of the Digital Strategy annual action plan which sets out a requirement that the technological solutions we invest in are used to their full potential. During quarter 3 required software upgrades and the roll-out of Member IT solutions have been completed;
- A resource development bid for an additional IT Technical Officer was completed to support the delivery of key digital projects and ensure that the robustness of cyber system security processes are maintained. The bid was approved by Budget Council in March.

Actions outstanding:
- Cyber Security risk assessment – the first draft has been considered by SLT and further information requested which is now to be considered in quarter 4;
- Abritas Housing Needs system amendments to be implemented;
- Ongoing implementation of the Digital Strategy action plan. The Strategy will be refreshed to ensure that it effectively supports the future three year Gedling Plan.

6	**FAILURE TO PROTECT & UTILISE PHYSICAL ASSETS** **Owner: Mike Hill** **Current Risk and Direction of Travel: AMBER – NO CHANGE** **Definition:** *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.* **Key Risk Driver:** Health & Safety **Raw Risk Value:** Major – Loss of life / major illness **Corporate Risk Register Outstanding Controls:** Actions completed during quarter 3: - The rolling programme of condition surveys for all council-owned buildings is continuing with completion expected by March 2020; - Building related risk assessments have been completed; - A refresh of the Asset Management Plan and Property Review process is continuing with completion now expected by March 2020.

	Actions outstanding: • Parks Risk Review – improvement actions arising from the risk assessment of parks assets are to be implemented by March 2020, including the adoption of a risk based approach to site inspection. A tree register needs to be developed to support this work; • Counter Terrorism Review – report pending from the external agents, which will identify achievable actions to be implemented.
7	**FAILURE TO REACT TO CHANGES IN LEGISLATION** **Owner: Helen Barrington** **Current Risk and Direction of Travel: AMBER – NO CHANGE** **Definition:** *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.* **Key Risk Driver:** Financial Impact **Raw Risk Value:** Major - £500k - £1m **Corporate Risk Register Outstanding Controls:** Actions completed during quarter 3: • General Data Protection Regulations and Data Protection Act 2018 – the delivery of the project plan to ensure compliance is nearing completion. A final review of information asset registers is to be completed in quarter 4. Actions outstanding: • Universal Credit implementation has been deferred by Central Government; • Any outcomes from the Recycling and Waste Strategy consultation. Requirements may include an increase in recycling requirements and consequent funding implications; • A new risk identified was identified in quarter 3: the Supreme Court is currently considering a case in respect of annual leave and associated payments for irregular workers e.g. casual workers, which may have consequences for all employers nationally – the outcome is awaited and the impact for the Council will be determined.

8	**FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES** **Owner: Helen Barrington** **Current Risk and Direction of Travel: AMBER – NO CHANGE** **Definition:** *Associated with the failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.* **Key Risk Driver:** Financial Impact **Raw Risk Value:** Serious - £50k - £500k **Corporate Risk Register Outstanding Controls:** Actions completed during quarter 3: • Implementation of the contract management module of the new procurement system is ongoing with preparations being made to transfer legacy information into the contracts register. Actions outstanding: • Contract management processes are to be developed and implemented as part of the new e-procurement system; • Procurement and Contract Management risk training has been scheduled for quarter 4.
9	**INABILITY TO DEFEND ONE-OFF CHALLENGES TO A COUNCIL DECISION OR NEW COMPENSATION TREND EMERGES** **Owner: Helen Barrington** **Current Risk and Direction of Travel: GREEN – NO CHANGE** **Definition:** *Councils are increasingly vulnerable to judicial reviews and new compensation claims.* **Key Risk Driver:** Financial Impact **Raw Risk Value:** Serious - £50k - £500k **Corporate Risk Register Outstanding Controls:**

	Actions completed during quarter 3: • None to be delivered. Actions outstanding: There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.
10	**FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS** **Owner: Helen Barrington** **Current Risk and Direction of Travel: GREEN – NO CHANGE** **Definition:** *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.* **Key Risk Driver:** Reputation **Raw Risk Value:** Major – Adverse national publicity **Corporate Risk Register Outstanding Controls:** Actions completed during quarter 3: • None to be delivered. Actions outstanding: There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.
11	**FAILURE TO PREVENT DAMAGE TO THE COUNCIL'S REPUTATION** **Owner: Mike Hill** **Current Risk and Direction of Travel: GREEN – NO CHANGE** **Definition:** *Related to the Council's reaction to a specific event or issue, or generally a downturn in quality of service.* **Key Risk Driver:** Reputation

	Raw Risk Value: Major – Adverse national publicity **Corporate Risk Register Outstanding Controls:** Actions completed during quarter 3: Quarterly monitoring of performance information by SLT is an embedded process and timely management action is taken to address any service quality issues arising. Actions outstanding: There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.
12	**FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT OR MALICIOUS ACT** **Owner: Mike Hill** **Current Risk and Direction of Travel: GREEN – NO CHANGE** **Definition:** *Council reaction to a natural occurrence e.g. widespread flooding, or other events such as fire and explosions.* **Key Risk Driver:** Reputation **Raw Risk Value:** Major – Adverse national publicity **Corporate Risk Register Outstanding Controls:** Actions completed during quarter 3: • None to be delivered. Actions outstanding: • Review of Business Continuity plans is ongoing and due to be completed by March 2020.
13	**FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS** **Owner: Mike Hill** **Current Risk and Direction of Travel: GREEN - NO CHANGE**

Definition:

Relating to the effects of changes in demographic, residential, or socio-economic trends on the Council's ability to meet its objectives.

Key Risk Driver: Reputation

Raw Risk Value: Serious– Adverse regional publicity

Corporate Risk Register Outstanding Controls:

Actions completed during quarter 3:
- 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.

Actions outstanding:
- New action added – to undertake a 'Visioning' exercise to identify longer term forecasts for socio-economic trends and how these will be reflected in the longer term priorities for the Council to ensure services can meet future needs within available resources.

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:

There have been 3 high risk recommendations reported during 2019/20 all of which were included in the IT General Controls audit which is included the Internal Audit Progress Report (an item elsewhere on this agenda).

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

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

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Gedling
Borough Council

Report to Audit Committee

Subject: **Internal Audit Progress Report 2019/20**

Date: 1 June 2020

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

Purpose   To summarise the outcome of the internal audit activity
                 completed by the RSM Internal Audit Team for the period
                 December 2019 to March 2020.

Recommendation(s)

THAT:

1) **Members receive the Report and note actions taken or to be taken.**

---

1   Background

1.1   The Internal Audit Plan 2019/20 was approved by the Audit Committee on
       19 March 2019. This report provides a summary update on the final report
       issued by RSM in the period December 2019 to March 2020 and highlights
       associated key findings and any concerns identified in any work in progress.

2   Proposal

2.1   The following reports have been finalised since the last Audit Committee
       meeting:

2019/20 Report (Final)

- Leisure Centres (9.19/20);

- IT General Controls (11.19/20);

- Pre-Application Advice (16.19/20);

- Risk Management (17.19/20);

- Recruitment and Retention (18.19/20); and

- Follow Up 2 (19.19/20).

3   **Resource Implications**

3.1   The Internal Audit Plan is delivered within the approved budgets.

4   **Appendices**

4.1   RSM Internal Audit Progress Report 2019/20.

GEDLING BOROUGH COUNCIL

Internal Audit Progress Report

Audit Committee

24 March 2020

RSM

CONTENTS

1   INTRODUCTION

The Internal Audit Plan for 2019/20 was approved by the Audit Committee on 19 March 2019. 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.
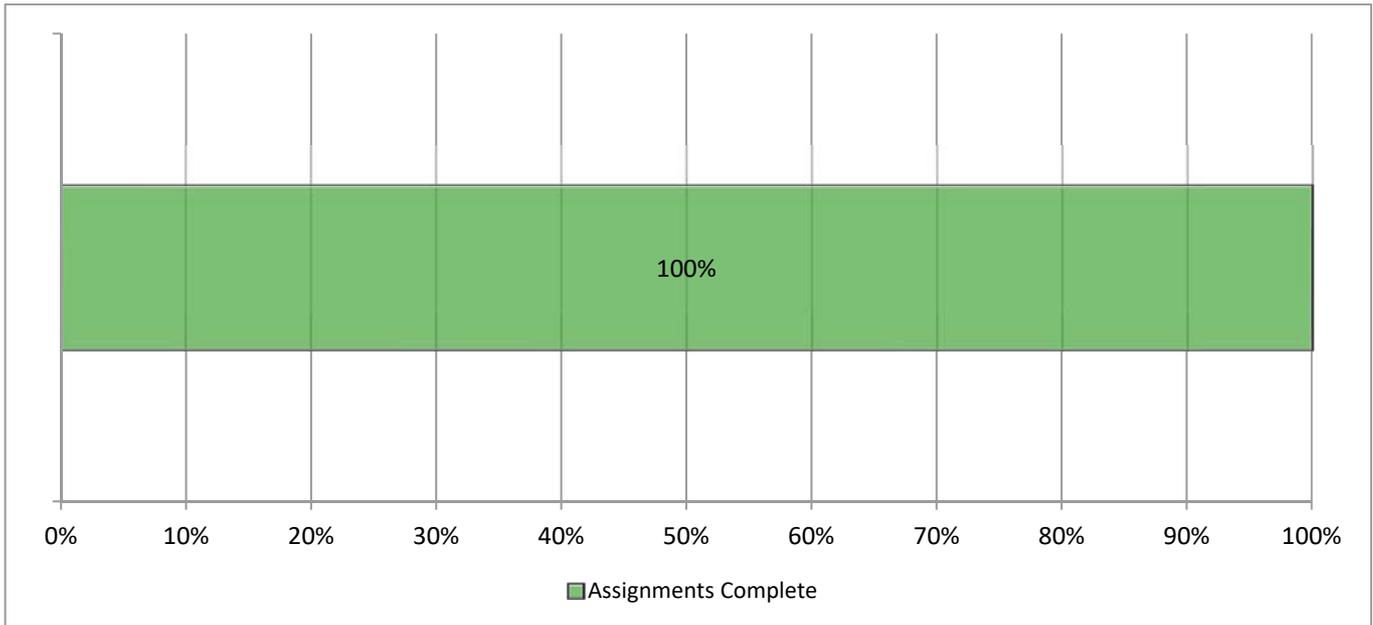
2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

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

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Leisure Centres (9.19/20)	Final	Reasonable assurance	2	4	0
IT General Controls (11.19/20)	Final	Partial assurance	6	3	3
Pre-Application Advice (16.19/20)	Final	Reasonable assurance	4	1	0
Risk Management (17.19/20)	Final	Substantial assurance	0	0	0
Recruitment and Retention (18.19/20)	Final	Substantial assurance	3	1	0
Follow Up 2 (19.19/20)	Final	Little Progress	5	6	0

2.1 Impact of findings to date

Leisure Centres (9.19/20)

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, four 'medium' and two 'low' priority findings were identified. Management actions were agreed in respect of all the findings.

The medium priority findings relate to:

- At the end of every shift, a Z-Report is produced from the cash register showing all payments received during that shift. It is expected that a cash up sheet is completed by two members of staff showing actual takings and this is compared to the Z-Report. For each site, instances were noted where only one member of staff had signed the cash up sheets and there were instances where the cash up sheets had not been signed.

- Upon collection of cash and cheque bags by the Collection Agent for each Leisure Centre, a receipt is printed and signed by both parties. However, for Carlton Forum, four collection slips had not been maintained.

- Periodic health and safety inspections are conducted for Fire, Asbestos, Legionella, Gas and Electrical. However, for all sites, instances were noted where there was a lack of evidence that either the Fire Risk Assessments had not been reviewed for nearly three years, monthly Fire Safety tests were not always performed or weekly Fire Alarm testing not undertaken.

- Daily Manager Check Sheets are completed in both the morning and the evening which include operational and health and safety checks. However, for each site it was confirmed inspections are not always conducted on a daily basis or it is not evidenced that that these had been done.

IT General Controls (11.19/20)

Conclusion: Partial Assurance

Impact on Annual Opinion: Negative

As a result of testing undertaken, three 'high', three 'medium' and six 'low' priority findings were identified. Management actions were agreed in respect of all the findings.

The high and medium priority findings relate to:

- The Corporate BCP is in the process of being updated. We also noted that the Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) have not been formally agreed with the service areas; and they have not conducted any Business Impact Analysis (BIA) to identify how their areas would be impacted in the event of an IT failure. This increases the risk that the expectations of the service areas are not matched by the reality of the IT recovery capabilities, leading to prolonged service disruption.

- The Council has recently had their Public Sector Network (PSN) audit and an Action Plan was produced containing a number of actions for Management to address in relation to the firewall. At the time of the audit review, these had not been addressed. In addition, it was explained that there were no periodic reviews of the any changes to the firewall settings. The lack of a periodic review increases the risk of unapproved changes being actioned, permitting unauthorised access to the network and systems.

- Through conversation with the ICT Research and Development Manager, we were informed that there was no effective overview of the current patching status across the entire IT estate.

Consequently, the Council cannot say with any level of certainty that all areas are fully patched. This increases the risk that known vulnerabilities could be exploited.

- A discussion with the Service Manager (Customer Services and Communications) confirmed that whilst there is a formal IT Strategy document in place at the Council, it has not been reviewed since 2016. This increases the risk that Council's goals and objectives are not being met by the current IT Strategy document.

- We noted that the firewalls were not deployed in resilient pairs. To mitigate this risk, the Council have a spare firewall appliance and they have a backup of the configuration settings. However, the second firewall has not been tested to make sure that it would work if required. The lack of testing increases the risk that the spare firewall device would not work as intended.

- The leaver process involves HR sending leavers lists to IT for their accounts to be disabled. However, it was noted that the IT Team did not action this until confirmation of the leaving date is received from the relevant Line Manager. Testing confirmed that this is not always promptly received. Failure to disable and remove staff leaver accounts promptly, increases the risk that these accounts could be used to access the systems and data of the Council.

Pre-Application Advice (16.19/20)

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' and four 'low' priority findings were identified. Management actions were agreed in respect of all the findings.

The medium priority finding relates to:

- Testing a sample of 20 Pre-Application Advice Requests could not confirm in 16 instances whether fees had been correctly recorded and banked, and that the applicant had received a written response within 28 working days as the receipt of payment which monitors these two controls was not documented on the Uniform system.

Risk Management (17.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

We did not consider it necessary to raise any management actions as a result of this audit.

Recruitment and Retention (18.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' and three 'low' priority findings were identified. Management actions were agreed in respect of all the findings.

The medium priority finding relates to:

- Training is provided by the Council's Performance, Personnel and Training Department to Management personnel who are involved within the recruitment process for their relevant service area. However, there is not currently a central log in place which details all Council staff members who have received recruitment and selection training.

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Follow Up 2 (19.19/20)

Conclusion: Little Progress

Impact on Annual Opinion: Negative

As a result of testing undertaken, six 'medium' and five 'low' priority findings were re-raised. Management actions were agreed in respect of all the findings. Details are shown in the Action Plan attached to this report.

3   OTHER MATTERS

3.1 Changes to the audit plan

There have been no changes to the audit plan since the last Audit Committee meeting.

3.2 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.

3.3 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

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

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Safeguarding (1.19/20)	Final	Reasonable assurance	3	3	0
Flexible and Lone Working (2.19/20)	Final	Advisory	3	2	0
Emergency Planning and Business Continuity (3.19/20)	Final	Substantial assurance	1	1	0
Building Control (4.19/20)	Final	Substantial assurance	0	1	0
Follow Up 1 (5.19/20)	Final	Good Progress	3	3	0
Corporate Governance (6.19/20)	Final	Substantial assurance	3	1	0
Debtors and Debt Recovery (7.19/20)	Final	Substantial assurance	0	1	0
Cash and Banking (8.19/20)	Final	Substantial assurance	1	1	0
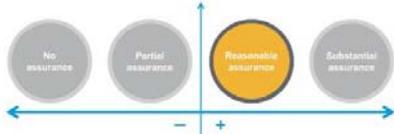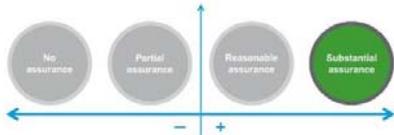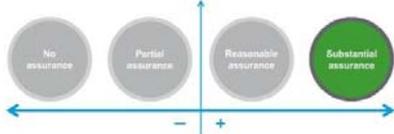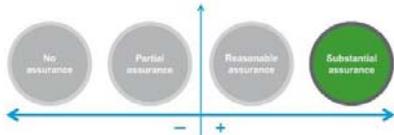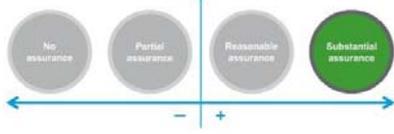
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Main Accounting System (10.19/20)	Final	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	1	1	0
Apprenticeship Levy (12.19/20)	Final	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	1	0
Housing Benefits, Universal Credit and Council Tax Reduction Scheme (13.19/20)	Final	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	3	1	0
Payroll and Expenses (14.19/20)	Final	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	0	0
Council Tax (15.19/20)	Final	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	2	0

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FOR FURTHER INFORMATION CONTACT

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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.

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.

EXECUTIVE SUMMARY – LEISURE CENTRES

1.1 Background

An audit of Leisure Centres was undertaken for Gedling Borough Council ('the Council') as part of the approved internal audit periodic plan for 2019/20. The main objective of our audit was to review the booking, recording and monitoring processes and controls in place across the Leisure Centres. Areas included in the audit related to cash and banking, health and safety, and bookings for hiring of rooms or facilities and events.

Across the Borough, the Council are responsible for the day to day running and maintenance of five Leisure Centres:

- Arnold Leisure Centre;

- Calverton Leisure Centre;

- Carlton Forum;

- Redhill Leisure Centre; and

- Richard Herrod Centre.

The five Leisure Centres are managed by two Leisure Centres Managers with day to day operational processing being conducted at each Leisure Centre by Duty Managers and Leisure Centre Staff. The Clarity System is used at all sites for managing bookings and memberships.

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 the Leisure Centres are being managed. Our review has confirmed that there is an adequate control framework in place, however, we have identified areas of non-adherence to controls. As such, a total of six management actions were agreed, consisting of four 'medium' and two 'low' priority actions.

Internal audit opinion:
Taking account of the issues identified, the Council can take reasonable assurance that the controls in place to manage this area 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 areas.

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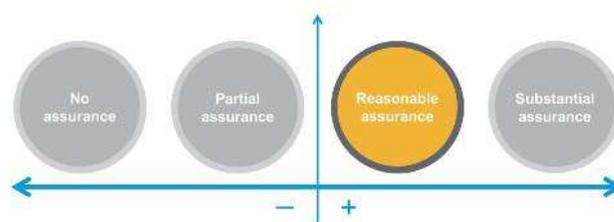
1.3 Key findings

The key findings from this review are as follows:

- A suite of procedure notes and operating procedures are in place for the processes and functions carried out at each Leisure Centre including cash and banking, bookings and health and safety. Procedures are centrally stored on the shared drive and maintained up to date.

- On an annual basis Leisure Fees and Charges are reviewed and approved by the Portfolio Holder for Housing, Health and Well-being. These were approved in February 2019 and it was confirmed throughout the audit the approved fees and charges were charged.

- Bookings for the hiring of rooms, hiring of facilities and events can be made in person at the Leisure Centre, over the phone, via the website or via the 'I Will' App on smart phones.

- A reconciliation spreadsheet is maintained by the Finance Department which details the expected income based on the cash counted at each Leisure Centre and the values on the cash slips. On a daily basis, the bank statements are reviewed, and the amounts are checked to the expected income and the dates are input onto the spreadsheet to show the date in which the cash appear.

- A current contract is in place between the Council and the Collection Agent to protect against losses of cash and set out a schedule of collection times.

- Cash and cheques are securely stored at each Leisure Centre until they are collected and deposited at the bank. Access to safes and financial systems is restricted to staff in appropriate job roles.

- New members joining Leisure Centres are created following completion of a membership request form. Testing a sample of 20 memberships per site confirmed a membership form was completed in full and was set up accurately on the Clarity Bookings and Memberships System.

- Debtor invoices are raised for block bookings made by a member of the Leisure Centre Staff through the Civica System. Unpaid invoices are chased by the Revenues Department in line with the Debt Collection Policy.

- Each Leisure Centre has displays in the Reception Area to advertise swimming classes, gym sessions and upcoming events. Each Leisure Centre has their own social media pages to advertise their services and events and these are also advertised on the Council's own website.

- Risk Assessments are in place for activities at each Leisure Centre and have been reviewed within the last two years by an Assistant Manager, Duty Manager or the Leisure Centres Manager.

- Periodic health and safety inspections are conducted for Asbestos, Legionella, Gas and Fixed Electrical items at each of the Leisure Centres visited.

- A full health and safety review is conducted every two years by an external contractor for all of the Leisure Centres. A full report and findings are issued to each site with the last review being conducted in September 2018.

However, the following control weaknesses or non-adherence were identified:

- Bookings are taken for multiple uses across the five sites including for parties, weddings, conferences, room hire and pitch hire. Booking Forms are completed and signed by the customer and the Leisure Centre with one-off bookings being paid in advance. However, for Arnold Leisure Centre, it was identified one booking form had not been signed by the Council and one booking form was signed by the applicant after the commencement date.

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- At the end of every shift, a Z-Report is produced from the cash register showing all payments received during that shift. It is expected that a cash up sheet is completed by two members of staff showing actual takings and this is compared to the Z-Report. For each site, instances were noted where only one member of staff had signed the cash up sheets and there were instances where the cash up sheets had not been signed.

- It was confirmed for Redhill Leisure Centre, Arnold Leisure Centre and Carlton Forum that the Daily Income Sheet had not been signed in one, four and four days respectively.

- Upon collection of cash and cheque bags by the Collection Agent for each Leisure Centre, a receipt is printed and signed by both parties. However, for Carlton Forum, four collection slips had not been maintained.

- Periodic health and safety inspections are conducted for Fire, Asbestos, Legionella, Gas and Electrical. However, for all sites, instances were noted where there was a lack of evidence that either the Fire Risk Assessments had not been reviewed for nearly three years, monthly Fire Safety tests were not always performed or weekly Fire Alarm testing not undertaken.

- Daily Manager Check Sheets are completed in both the morning and the evening which include operational and health and safety checks. However, for each site it was confirmed inspections are not always conducted on a daily basis or it is not evidenced that that these had been done.

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
Leisure Centres	0	(18)	6	(18)	2	4	0
Total					**2**	**4**	**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 areas 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
2	At the end of every shift, a Z-Report is produced from the cash register showing all payments received during that shift. A cash up sheet is completed by two members of staff showing actual takings and this is compared to the Z-Report and any discrepancies are investigated.	Yes	No	Testing of daily cash up processes in August confirmed that for: • Arnold Leisure Centre – For all 31 days, it was identified that shift cash ups did not have two members of staff signing to confirm they had both counted the cash; • Richard Herrod Centre – For 27 days, it was identified that shift cash ups did not all have two members of staff signing to confirm they had both counted the cash; • Redhill Leisure Centre– For eight days, it was identified that shift cash ups did not all have two members of staff signing to confirm they had both counted the cash. Furthermore, in one instance the shift cash up	Medium	It is accepted that good practice is for two members of staff to be present during the cash up process on the day in question. This is the normal process adopted and staff will be reminded that they should sign the cash up records to certify that this process has been completed. By exception, in the event that two people are not available to count the cash on the day in question the officer completing the first cash-up will sign to certify the	31 March 2020	Leisure Centres 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
				sheets had not been retained and therefore it could not be confirmed the amounts were correct to the Z-Report;		initial cash up process and record the reason why only one person was available.		
				• Carlton Forum – For 12 days, it was identified that shift cash ups did not have two members of staff signing to confirm they had both counted the cash.		The cash and records will then be placed in the safe until a second officer is available to count and certify the cash up process.		
				• Calverton Leisure Centre– For 12 days, it was identified that the shift cash ups had not been signed by two members of staff to confirm they had both counted the cash.		NB – It is noted that there is a potential risk of not counting the cash on the day in question and that if this can be done then it should be in the first instance, however, due to resources available at the Leisure Centres at the end of the day, two people are not always available and so it was agreed that this was an acceptable alternative.		
				For each day it was confirmed cash ups had been completed and compared to the Z-Reports showing the till balance and the cash up sheet had been completed.				
				It was explained by the Leisure Centres Manager that in some instances, during cash up periods two members of staff may not be available/present, or cash ups are completed by the Duty Manager and therefore there is no more senior member available to countersign their cash up sheets. Furthermore, as a mitigating control when completing the Daily Income Sheet, the following day, the Duty Manager recounts the cash to ensure the values are correct.				
				Where there is a lack of segregation of duties in the cash up process,				

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Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				there is a risk errors or omissions may go undetected, leading to incorrect values being banked.				
4	Cash is securely collected by the Collection Agent twice a week so that excessive amounts of cash are not being held on site. Collection receipt slips are provided by the Collection Agent and retained by the Leisure Centre to confirm amounts collected.	Yes	No	**Carlton Forum** It was confirmed for the month of August 2019 that in four instances collection receipt slips had not been kept on file in the cash slip book. In the remaining instances the receipts were maintained and signed by both parties. There is a risk of financial loss if the cash is unable to be traced through the retaining of collection receipt slips.	Medium	**Carlton Forum** Collection receipts will be maintained on file with the banking slips to demonstrate the passing of accountability for the cash from the Council to the Collection Agent.	31 March 2020	Leisure Centres Manager and Duty Managers
5	Periodic health and safety inspections are conducted for: - Fire; - Asbestos; - Legionella; - Gas; and - Electrical. Inspection sheets are completed in full and signed by the member of staff undertaking the checks. External contractors are used periodically for surveys and inspections.	Yes	No	Testing of the periodic health and safety inspections for fire, asbestos, legionella, gas and electrics at each of the five sites, the following issues were identified: **Arnold Leisure Centre** Fire - It was confirmed a Fire Risk Assessment is in place which was carried out externally in October 2016 and therefore it was agreed with the Leisure Centres Manager that this is due for review. Testing the last 10 weeks of weekly fire alarm tests identified two instances where these were not evidenced to have been completed. **Richard Herrod Centre**	Medium	All health and safety checks will be undertaken internally or externally within the set timeframes agreed in the Council's Policy. This will be communicated to all Leisure Centre Staff.	30 April 2020	Leisure Centres Manager and Duty 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
				Fire - It was confirmed a Fire Risk Assessment is in place which was carried out externally in October 2016 and therefore it was agreed with the Leisure Centres Manager that this is due for review.				
				The Fire Log Book was not provided during the audit and therefore the monthly fire checks could not be confirmed to have been completed.				
				Testing the last 10 weeks of weekly fire alarm tests identified one instance where no evidence of completion was available.				
				Redhill Leisure Centre				
				Fire - It was confirmed a Fire Risk Assessment is in place which was carried out externally in October 2016 and therefore it was agreed with the Leisure Centres Manager that this is due for review.				
				Carlton Forum				
				Fire - It was confirmed a Fire Risk Assessment is in place which was carried out externally in October 2016 and therefore it was agreed with the Leisure Centres Manager that this is due for review.				
				Testing of five monthly fire tests for means of escape, fire exits, firefighting equipment and emergency lighting confirmed no evidence was provided confirming emergency lighting or fire exits had				

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Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				been tested, and four out of five months testing for means of escape could be confirmed. All five months of firefighting equipment had been conducted. Testing the last 10 weeks of weekly fire alarm tests identified six instances where these were not evidenced to have been completed. **Calverton Leisure Centre** Fire - It was confirmed an internal Fire Risk Assessment is in place which was carried out externally in October 2018, but the external assessment was not provided. It was agreed with the Leisure Centres Manager that all Leisure Centres are due a review. Furthermore, testing of the last 10 weeks fire alarm tests confirmed in seven instances these had not been completed or evidence of completion was not available. Where health and safety checks are not completed or are overdue, there is an increased risk of health and safety failures or a lack of audit trail to support any cases if accidents or emergencies were to occur.				
6	Daily Manager Check Sheets are completed in both the morning and the evening which include operational and	Yes	No	**Arnold Leisure Centre** Testing the month of August established in 20 instances a Daily Manager Check Sheet had been completed and signed by the	Medium	It will be communicated to all sites that the Daily Manager Check Sheets are mandatory and must be completed. Evidence	31 March 2020	Leisure Centres Manager and Duty Managers

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Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	health and safety checks. These are signed by the Duty Manager and maintained on file.			conducting Manager. However, in the remaining 11 instances no evidence of the completions were available. **Richard Herrod Centre** For the month of August, no evidence of Daily Manager Check Sheets were presented and therefore it could not be confirmed that these had taken place. **Redhill Leisure Centre** Testing the month of August established in 12 instances a Daily Manager Check Sheet had been completed in full and signed by the conducting Manager. However, in 15 instances no evidence of the completions were available and a further four were only half completed. **Carlton Forum** We were informed by the Duty Manager at Carlton Forum that the same Daily Manager Check Sheets as the other sites are not completed. Daily checks of the safe and the plant room are conducted but the overall site checks cannot be evidenced. **Calverton Leisure Centre** It was informed by the Duty Manager that daily checks are conducted by Management, however, no formal		of the daily checks being conducted will be signed by the Duty Manager undertaking these and this evidence will be maintained on file.		

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				documentation is completed to evidence this process. There is a risk that essential Management checks are not being undertaken daily due to the lack of evidence provided. This could lead to health and safety issues or incomplete management tasks.				

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IT GENERAL CONTROLS - EXECUTIVE SUMMARY

1.1 Background

An audit of Gedling Borough Council's (the Council) IT General Controls was undertaken as part of the approved internal audit plan 2019/20. The objective of the review was to evaluate the control framework and provide assurance over design of controls impacting on the overall IT infrastructure and operating environment. The review considered the strategic risk of the IT environment not being appropriate leading to the Council not meeting its objectives; and the operational risk of key third party provided systems and services not being managed properly leading to business disruption.

The audit was carried out primarily through meetings with the ICT Research and Development Manager along with review of key documentation relevant to the scope of the review.

1.2 Conclusion

The audit has highlighted that some control improvements are required with a view to enhancing the Council's IT General Controls environment. Three 'high' and three 'medium' priority management actions in relation to the Business Continuity Plan (BCP), IT Strategy, firewall controls, patching and the staff leaver process have been made. A further six 'low' priority management actions have also been raised and agreed with Management. A formal assurance opinion has been provided below.

Internal audit opinion:
Taking account of the issues identified, the Council can take partial 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 risks.
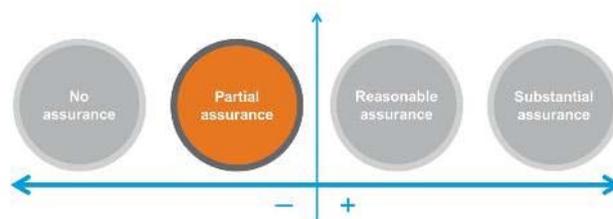
1.3 Key findings

The key findings from this review are as follows:

- The Corporate BCP is in the process of being updated. We also noted that the Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) have not been formally agreed with the service areas; and they have not conducted any Business Impact Analysis (BIA) to identify how their areas would be impacted in the event of an IT failure. This increases the risk that the expectations of the service areas are not matched by the reality of the IT recovery capabilities, leading to prolonged service disruption.

- The Council has recently had their Public Sector Network (PSN) audit and an Action Plan was produced containing a number of actions for Management to address in relation to the firewall. At the time of the audit review, these had not been addressed. In addition, it was explained that there were no periodic reviews of the any changes to the firewall settings. The lack of a periodic review increases the risk of unapproved changes being actioned, permitting unauthorised access to the network and systems.

- A discussion with the Service Manager (Customer Services and Communications) confirmed that whilst there is a formal IT Strategy document in place at the Council, it has not been reviewed since 2016. This increases the risk that Council's goals and objectives are not being met by the current IT Strategy document.

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- Through conversation with the ICT Research and Development Manager, we were informed that there was no effective overview of the current patching status across the entire IT estate. Consequently, the Council cannot say with any level of certainty that all areas are fully patched. This increases the risk that known vulnerabilities could be exploited.

- We noted that the firewalls were not deployed in resilient pairs. To mitigate this risk, the Council have a spare firewall appliance and they have a backup of the configuration settings. However, the second firewall has not been tested to make sure that it would work if required. The lack of testing increases the risk that the spare firewall device would not work as intended.

- The leaver process involves HR sending leavers lists to IT for their accounts to be disabled. However, it was noted that the IT Team did not action this until confirmation of the leaving date is received from the relevant Line Manager. Testing confirmed that this is not always promptly received. Failure to disable and remove staff leaver accounts promptly, increases the risk that these accounts could be used to access the systems and data of the Council.

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
Strategic – The IT environment is not appropriate leading to the Council not meeting its objectives. Operational – Key third party provided systems and services are not managed properly leading to business disruption.	5	7	6	3	3
Total			**6**	**3**	**3**

1.5 Additional feedback

We have identified the following examples of good practice during this audit:

- The Council utilise a password cracking tool called L0phtCrack to help assess the strength of passwords. Where weak passwords are identified, users are asked to strengthen their password accordingly.

- We noted that all laptops have BitLocker encryption enabled, the Council also utilise Mobile Device Management (MDM) tools to manage access to corporate tablets and smartphones.

- Testing revealed that anti-virus (AV) software was running on endpoints and users are not able to amend or reconfigure the AV settings.

- Incident Management processes and procedures were available to all staff on the Intranet. Data breaches are passed to the Data Protection Officer, who manages the process and informs the Information Commissioners Office if applicable. There is also a Data Security Group which meets every two months and discusses breaches and any lessons learnt.

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
	Missing control: The Council has an up-to-date Business Continuity Plan (BCP) with clearly defined Recovery Point Objectives (RPO) and Recovery Time Objectives (RTO) for critical IT systems.	No	-	The Service Manager (Customer Services and Communications) explained that the Corporate Business Continuity Plan was in the process of being updated and that this work was being undertaken corporately by the Health and Safety and Emergency Planning Officer. Discussions with the ICT Research and Development Manager confirmed that there is an IT Disaster Recovery Plan, and this is tested on an annual basis. We noted that the last test was performed in March 2019. The test was partially successful, and the lessons learned regarding performance issues were fed into improvements for the next test. However, through discussion with the ICT Research and Development Manager we were informed that the RPO and RTO have not been formally agreed with the	High	Management will ensure that the Business Continuity Management work is completed and links with the IT Disaster Recovery work, to include a review of the Business Impact Analysis (BIA) for each service area and the requirements for service recovery. As discussed, this work is being undertaken outside of IT.	30 September 2020	Health and Safety and Emergency Planning Officer
						Management will make it more explicit in the Council's Business Continuity Plan what the Recovery Point	30 September 2020	Health and Safety and Emergency Planning Officer

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#	Finding	Agreed	Implemented	Detail	Priority	Management Response	Timescale	Responsibility
				service areas. Since the audit the RPO's and RTO's have been agreed through SLT. Furthermore, the Service Manager (Customer Services and Communications) presented the RPO and RTO's to Service Managers at a briefing in August 2019, clearly detailing these. Additionally, these were formulated based on feedback from Service Managers at a cyber-based emergency planning exercise. The service areas have not conducted any Business Impact Analysis (BIA) to identify how their areas would be impacted in the event of an IT failure. Therefore, whilst IT have articulated the recovery times, it is not known if these have been fully understood and accepted. This increases the risk that the expectations of the service areas are not matched by the reality of the IT recovery capabilities, leading to prolonged service disruptions.		Objectives (RPO) and Recovery Time Objectives (RTO) are to ensure that Management understand and accept these timescales. As discussed, this work is being undertaken outside of IT.		
						Management will follow up the presentation on RPO and RTO's with formal confirmation via email.	Immediate	Service Manager (Customer Services and Communications)
2	The Council are subject to annual Public Sector Network (PSN) audits to maintain their PSN accreditation.	Yes	No	We noted that penetration testing is performed annually by a third party. In addition, the Council had recently had their ITHC, which forms the basis for the PSN submission. A high-level summary of the report was viewed, and this confirmed that the action plan contained numerous actions for Management to address in relation to the firewall. At the time of the audit review, these had not been addressed, but there were plans to do so. However, until the full report is received a full action plan cannot be devised and submission cannot be made. The full report has since been received and is being reviewed, following	High	Management will ensure that the issues identified as part of the Public Sector Network (PSN) review are assigned action owners and that the actions are tracked through to completion.	31 May 2020	Service Manager (Customer Services and Communications) and ICT Research and Development Manager
						Furthermore, periodic reviews of the firewall will be performed in between PSN audits.	30 November 2020	Service Manager (Customer Services and Communications) and Service Delivery Manager

confirmation of a number of points with the ITHC suppliers.

From discussion with the ICT Research and Development Manager, it was explained that there were no periodic reviews of the any changes to the firewall settings, but there were alerts to notify IT staff if changes were made. The lack of a periodic review increases the risk of unapproved changes being actions, permitting unauthorised access to the network and systems.

| 3 | Missing control: The Council has a clear overview of the current patch status across the entire IT estate. | No | - | Through conversation with the ICT Research and Development Manager, we were informed patches are updated once a week, which are released on test servers and then onto live servers following successful testing. Patches are applied using the relevant system tools. There is a clear schedule to avoid disruption to services. However, it was acknowledged by the ICT Research and Development Manager that there was no effective overview of the current patching status across the entire IT estate. We were informed that there were some legacy systems which could no longer be patched. This increases the risk that known vulnerabilities could be exploited. | High | Management will identify the areas of the IT estate where patching is not routinely performed, monitor these areas and assess the risks, for inclusion in the risk register. | 28 February 2020 | Service Manager (Customer Services and Communications) and ICT Research and Development Manager |
| 4 | Gedling Borough Council has an IT Strategy to outline their vision and the objectives to achieve that vision. | Yes | No | A discussion with the Service Manager (Customer Services and Communications) confirmed that whilst there is a formal IT Strategy document in place at the Council, it has not been formally reviewed since 2016. This increases the risk that Council's goals and objectives are not being met by the current IT Strategy document. | Medium | Management will ensure that the IT Strategy is reviewed and updated to support the delivery of the overarching Corporate Digital Strategy which will be developed following sign | 30 September 2020 | Service Manager (Customer Services and Communications) |

				We noted that the timescale for producing the revised version of the Strategy was linked to the completion of the Council's Digital Strategy, which in turn is linked to the corporate Gedling Plan. The Council was currently in the process of performing a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis as part of the development of their Digital Strategy. This works should be completed by the end of December and the will then feed into the IT Strategy, which should be completed by the end of March 2020, depending on sign off of the Gedling Plan.		off of the overall Gedling Plan.		
5	The Council has a spare firewall appliance which could be deployed in the event that the primary firewall failed.	Yes	No	The Council IT staff maintain and patch the firewalls to ensure that the Council network is protected from vulnerabilities and to maintain PSN certification. However, it was noted that the firewalls were not deployed in resilient pairs. This increases the risk that in the event the firewall fails, the access to the network would be blocked. This could lead to service disruption. To mitigate this risk, The Council have a spare firewall appliance and they have a backup of the configuration settings. However, the second firewall has not been tested to make sure that it would work if required. The lack of testing increases the risk that the spare firewall would not work as intended.	Medium	Management will test the second firewall appliance, to ensure that it could be used in the event that the primary firewall failed.	Immediate	ICT Research and Development Manager and Service Delivery Manager
6	Missing control: There is a co-ordinated 'Staff Leavers' process	No	-	HR inform IT of any new starters and leavers. The leaver process involves HR sending leavers lists to IT for the relevant account to be disabled. However, it was	Medium	Management will meet with HR to discuss and refine the leavers' process, particularly in	Immediate	Service Manager (Customer Services and Communications)

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with notifications originating from HR being confirmed with Line Managers promptly and accounts being disabled promptly.

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noted that the IT Team did not action this until confirmation is received from the relevant Line Manager. We were informed that this is not always promptly received.

Test of six leavers from the last 12 months was performed to determine if the accounts had been disabled promptly. The following was noted:

- IT had received notification from HR regarding two leavers;

- No HR notification received for the remaining four leavers;

- Line Manager notification received after the leaver date in all cases; and

- Delay ranged from two working days to 67 working days.

The failure to disable and remove staff leaver accounts promptly, increases the risk that these accounts could be used to gain unauthorised access the systems and data of the Council.

System owners are required to review systems annually and check access levels. This control is included in the Information Security Policy. However, in practice this cannot be evidenced, as System Owners do not retain any records to demonstrate a review has occurred.

This increases the risk that the reviews are not being performed by the System Owners and that users have levels of access to systems and data which are not commensurate with their job roles.

relation to the prompt notification of leavers.

Management will be reminded to perform reviews of the access assigned to their systems and data. Evidence of these reviews should be retained. IT will support this by process by producing an Active Directory list of access permissions annually, for Managers to check.

and Service Delivery Manager

PRE APPLICATION ADVICE - EXECUTIVE SUMMARY

1.1 Background

An audit of Pre-Application Advice was undertaken as part of the approved internal audit periodic plan for 2019/20.

The pre-application advice service was introduced to give applicants wanting to submit planning applications advice regarding the plans they wished to propose. Gedling Borough Council has committed to providing a pre-application advice service that mirrors the actual planning application process. The intention of the advice service is that applicants can expect to receive advice that will outline the decision of their plans should they be submitted for full planning approval, saving both the applicant and the Council, time and money in the long run.

All pre-application advice requests are managed through the Uniform system. On completion of an application form, all the relevant information being submitted, and the pre-application advice fee being paid, a designated Case Officer is assigned to work on the advice request.

The pre-application advice service has a target income of £40,000 for this financial year. Current income generated by the service at the time of the audit for the year was £29,268 and thus income projections for the year appear on target.

1.2 Conclusion

Our overall opinion was formed by undertaking interviews with key staff and sample testing on the processes in place to ensure the controls on which the Council relies to manage its pre-application advice service are working effectively. Our review identified has confirmed that there is an adequate control framework in place, however, we have identified some control enhancements and non-adherence to controls. As such a total of five management actions have been agreed, one 'Medium' and four 'Low' priority actions.

Internal audit opinion:
Taking account of the issues identified, the Council can take reasonable assurance that the controls in place to manage this area 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 area(s).
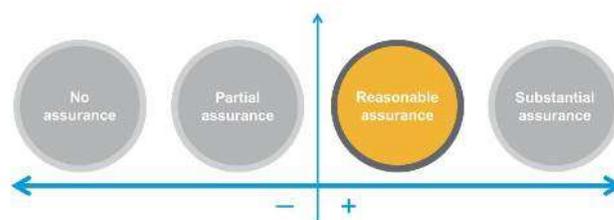
1.3 Key findings

The key findings from this review are as follows:

- Adequate Pre-Application Advice policies and procedure notes are in place outlining the Pre-Application Advice function. These were approved in April 2019, are maintained up to date and made available to staff via the website.

- A structured calculation for fee setting was undertaken by the Service Manager- Development Services and approved by Members in April 2019. Fees have also been benchmarked against other Councils and service providers to ensure that the Council are providing a service to the public that is value for money.

- Testing a sample of 20 Pre-Application Advice Requests received, confirmed that in all instances where the full service had been provided, the correct fee was received prior to any work being undertaken.

- Sufficient advertising of the pre-application advice service is undertaking via the Council's website.

- All Planning Officers are provided with comprehensive training prior to being issued their own case load.

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- The pre-application service is monitored against set targets and reported to Senior Management on a quarterly basis.

- A benchmarking exercise of the Council's current Pre-Application Advice fees was undertaken to ensure the service provided represents good value for money.

- Reporting of the Pre-Application Advice Service is undertaken and presented to Senior Management as part of the wider Planning Department reporting.

However, testing confirmed the following control weaknesses. As a result, management actions have been agreed to be implemented to mitigate associated risks:

- Testing a sample of 20 Pre-Application Advice Requests received identified that in one instance a full application form had not been completed and retained on file.

- Testing a sample of 20 Pre-Application Advice Requests identified that in 16 cases where the request was followed through after payment was received, only two instances, where the details of correspondence with the applicant to arrange a case meeting, were documented and retained on the Uniform system.

- Testing a sample of 20 Pre-Application Advice Requests could not confirm in 16 instances whether fees had been correctly recorded and banked, and that the applicant had received a written response within 28 working days as the receipt of payment which monitors these two controls was not documented on the Uniform system.

- Testing a sample of 20 pre-application advice requests received identified in one instance that the details of the designated Case Officer had not been recorded on the Uniform system.

- Testing a sample of 20 Pre-Application Advice Requests could not confirm in 10 instances whether advice had been submitted to an appropriate Senior Planning Officer as no documentation of senior approval is recorded on the Uniform system.

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
Pre- Application Advice	0	(15)	6	(15)	4	1	0
Total					**4**	**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.

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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 areas 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
Area: Pre- Application Advice								
	Pre- Application Advice fees, once received, are accurately recorded and banked promptly.	Yes	No	Discussions with staff working within the Planning Department confirmed that emails are sent from the Treasury highlighting when a Pre-Application Advice fee has been paid. This is then manually inputted onto the Uniform system by a member of staff. Testing highlighted that of the selected sample of 20 Pre-Applications, no receipt of payment had been attached to the Uniform system in any of the 16 instances where a payment was received. Consequently, individual applications were not able to be tracked back to their fee received date. Without the payment receipt being retained on file, there is a risk that fee payments could be incorrectly recorded against the	Medium	The Planning Department will ensure that all Treasury payment receipts are uploaded to the Uniform system when the fee paid is manually inputted.	31 January 2020	Service Manager- Development Services

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Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				wrong application, and should any payment queries surrounding the application arise, these will be unable to checked back to their original source. There is a further risk that if receipt of payment is not attached, management will be unable to track whether a written response of advice was issued within their target of 28 days.				

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EXECUTIVE SUMMARY – RISK MANAGEMENT

1.1 Background

A review of Risk Management was undertaken as part of the approved internal audit periodic plan for 2019/20. Our review was undertaken to ensure processes are in place to identify, assess and manage the risks facing Gedling Borough Council (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 was last reviewed in July 2017 and is 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 (SLT), 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. Therefore, we are able to offer a Substantial Assurance audit opinion on the work undertaken.

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 are suitably designed, consistently applied and operating effectively.

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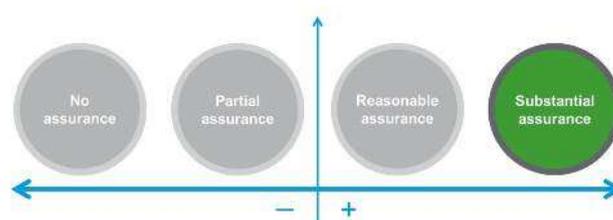
1.3 Key findings

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 to set out on a risk by risk basis in the Corporate and Service Risk Registers.

- 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.

- A SLT is in place which meets each quarter to discuss the risks documented within the Corporate Risk Register and the updates provided by risk owners.

- A risk register is maintained for each service area and which is updated and reviewed each quarter by the relevant Service Manager and Director.

- All risks within the Corporate Risk Register and service level registers 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 SLT 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.

Area	Control design not effective*		Non Compliance with controls*		Agreed management actions		
					Low	Medium	High
Risk Management	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.

EXECUTIVE SUMMARY – RECRUITMENT AND RETENTION

1.1 Background

A review of Recruitment and Retention was undertaken as part of the approved internal audit periodic plan for 2019/20. The audit was undertaken to review the Gedling Borough Council's (the Council) recruitment procedures and to ensure that the Council is attracting and retaining key skills.

The Recruitment function at the Council is managed by the Performance, Personnel and Training Department. The Department is made up of six staff members and is overseen by the Service Manager – Organisational Development. At the time of audit, the Council employed 490 people.

When Management identifies a need to fill a vacant post or create a new post, a business case is prepared along with budget details and presented to the Senior Leadership Team (SLT) for approval. Once approved, Personnel staff within the Council will prepare a job description and personal specification document in co-ordination with the Recruiting Managers requirements. A formal advertisement is then prepared and posted on the Council's intranet and website, as well as third-party recruitment sites.

A Staff Satisfaction Survey is sent to all Council employees every two years to obtain feedback from staff members in regard to their experience as employees of the Council. Key questions such as satisfaction with levels of pay, training and personal development reviews are included within the survey. Results are reviewed and analysed by the Performance, Personnel and Training Department who subsequently prepare an action plan in line with the feedback received in order to improve retention rates across the Council. The Council's annual staff turnover rate at the end of quarter three for the current financial year was eight per cent.

1.2 Conclusion

There is an appropriate control framework in place for governing Recruitment and Retention at the Council. Our work confirmed that there are adequate controls in place, however, testing identified that the controls are not always consistently applied. Areas of improvement have been identified which has resulted in the agreement of one 'medium' and three 'low' priority management actions being raised.

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 are suitably designed, consistently applied and operating effectively.

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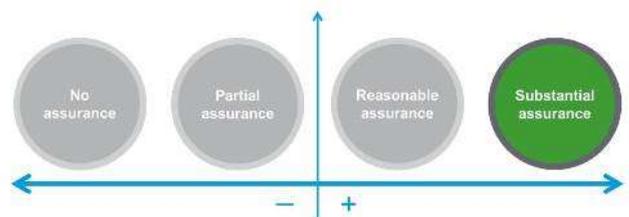
1.3 Key findings

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

- Prior to the advertisement of a post by the Council, the Performance, Personnel and Training Department will obtain authorisation to recruit. Service Managers provide approval to fill a vacant post by filling out an Establishment Management Form online via the local intranet. The form is subsequently approved by the SLT.

- The relevant Recruiting Manager will complete a job description and person specification document for each role. Once the Recruiting Manager and Performance, Personnel and Training Department have approved the job description and person specification documents, the methods by which the vacancy will be advertised is agreed. The post is then advertised on the Council's local intranet, Council's Website as well as external platforms such as job-seeking websites and via professional associations.

- Once the closing date for a post advertisement is reached, the relevant Recruitment Manager will shortlist the candidates via the Council's Online Jobs System on the intranet. Personnel staff provide guidance and assistance regarding the shortlist as required. The Recruiting Manager completes a Shortlist Memo which sets out the details of the interview and confirms that panel members have received recruitment training. When the Shortlist Memo is received by Personnel from the Recruiting Manager, interviews are set up via the online system. All selected candidates are emailed to invite them for interview. Unsuccessful candidates are emailed to inform them that they have not been selected for interview as part of the shortlisting process.

- Prior to interview, the Recruiting Manager will compile a list of interview questions and send them to Personnel at least two full working days prior to the interview using the Question Form on the Council's local intranet. The interviewing panel will be made up of a minimum of two Managers and Personnel staff may also be present if requested by the Recruiting Manager. Following the interview, the Recruiting Manager will complete a Decision Record Form and email this to the Performance, Personnel and Training Department, to inform them of the successful candidate.

- Turndown Letters are emailed to unsuccessful candidates post-interview by Personnel staff. If unsuccessful candidates request feedback, this may be provided by the Recruiting Manager using the interview notes and notes from the Decision Record Form.

- The successful candidate post-interview will be offered the position via telephone by Personnel subject to relevant checks being carried out by the Council. A Provisional Offer Letter is sent to the candidate with an accompanying Medical Form for completion.

- Personnel liaise with the Recruiting Manager at every stage of the offer process to update them on progress regarding the medical clearance and return of references. Once the necessary checks have been completed Personnel agree a start date with the candidate.

- The Council maintains a database of all regulated roles which require a Disclosure and Barring Service (DBS) checks. The database is monitored on an on-going bases to ensure roles are added and removed from the database as and when required.

- Any staff members employed within the Council who are to undertake 'regulated activity' are subject to a DBS check.

- Any new starters within the Council who are believed to come in contact within any Police records in the day-today activities within their prescribed job role are subject to a Police Vetting Background Check prior to commencing employment with the Council.

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- Two references are sought for all new starters. One reference is a 'work reference' from a previous employer and the other is a 'character reference' from someone other than a direct family member. If an internal candidate is appointed to work in a different service area one reference is obtained from the Service Manager of the candidate's service, no reference is necessary when the candidate is to be employed in the same service area.

- Contracts are in place between the Council and new employees which sets out the terms of employment. All employment contracts are signed by the relevant employee and maintained on file.

- Individuals terminating employment with the Council are offered the opportunity to complete an Exit Questionnaire which contains pre-set questions regarding their experience at the Council. As part of the questionnaire, employees can request for an exit interview with Personnel staff to discuss the contents of the questionnaire.

- A Staff Satisfaction Survey is prepared every two years and sent to all Council employees by the Performance, Personnel and Training Department. Results received are compiled and analysed as well as being post on the local intranet. A report of the results along with a corresponding action plan is presented to the SLT for approval. The most recent staff survey was made available to all staff either online or via paper versions from 17 October to 11 November 2019.

- Staff turnover figures and percentages are monitored on a quarterly basis and input into the Pentana System. Data within the Pentana System is available to all SLT members and Senior Management staff.

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

- The Performance, Personnel and Training Department has recruitment procedure notes in place which detail the Council's recruitment processes. The procedure notes were last updated in January 2020 are stored on the Council's local intranet. However, it was noted that the procedure notes contain staff members actual names as opposed to their job titles.

- Training is provided by the Council's Performance, Personnel and Training Department to Management personnel who are involved within the recruitment process for their relevant service area. However, there is not currently a central log in place which details all Council staff members who have received recruitment and selection training.

- Testing a sample of 20 new starters found one instance where a Vacancy Action Checklist had been fully completed but not signed off and dated.

- Testing a sample of 20 new starters found one instance where a NE1 New Employee Induction Form had been fully completed but had not been signed off and dated by the relevant Personnel staff member managing the post.

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
Recruitment and Retention	0	(18)	4	(18)	3	1	0
Total					3	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.

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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 areas 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
	Training is provided by the Council's Performance, Personnel and Training Department to Management personnel who are involved within the recruitment process for their relevant service area. Training is provided to all newly appointed Managers who are likely to be involved in the recruitment process. Additionally, existing staff members within the Council can request for the training to be	Yes	No	Training is delivered to Management and other Council officers who are likely to be involved within the recruitment process. Newly appointed Managers will be provided with the training upon appointment. Other staff members who are due to be part of an interview panel can request for training prior to interviews taking place. The Council's Performance, Personnel and Training Department has a Selection and Recruitment Training Presentation in place. Prior to the interviewing of candidates, the relevant Recruitment Manager will complete a Shortlist Memo which details interview panel members and whether they have received recruitment and selection training.	Medium	Going forward, a central log will be maintained of all Council staff members who have received recruitment and selection training.	31 March 2020	Service Manager – Organisational Development

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	delivered on an ad-hoc basis.			However, there is not currently a central log in place which details all Council staff members who have received recruitment and selection training.				
				Without a central log in place of all staff members who have received the training there is risk that Council staff members will partake in recruitment and selection processes without the appropriate training.				

FOLLOW UP 2 - EXECUTIVE SUMMARY

1.1 Introduction

As part of the approved internal audit periodic plan for 2019/20 we have undertaken a review to follow up progress made by the Council to implement the previously agreed management actions. The audits considered as part of the follow up review were:

- 11.18/19 Health and Safety;
- 13.18/19 Landlord Licensing;
- 19.18/19 Property - Investment, Miscellaneous Properties and Facilities Management;
- 20.18/19 Contracts and Procurement;
- 1.19/20 Safeguarding;
- 3.19/20 Emergency Planning and Business Continuity;
- 4.19/20 Building Control;
- 6.19/20 Corporate Governance;
- 8.19/20 Cash and Banking; and
- 12.19/20 Apprenticeship Levy.

The 25 management actions considered in this review comprised of 13 'Medium' and 12 'Low'. Concentrating on the actions classified as 'medium', the focus of this review was, to provide assurance that all actions previously agreed have been adequately implemented. For actions categorised as 'low' we have accepted management's assurance regarding their implementation but have attached evidence where available.

1.2 Conclusion

Taking account of the issues identified in the remainder of the report, in our opinion Gedling Borough Council has demonstrated **little progress** in implementing agreed management actions.

Of the 25 actions included in this review, 10 had been fully implemented, 10 were still in progress, one had not been implemented and four were not yet due as their implementation dates had not yet passed and they had not been fully implemented at the time of the follow up audit.

We have made new management actions where appropriate; these are detailed in section 2 of this report.

1.3 Action tracking

The following graph highlights the progress made on the actions that have been followed up.

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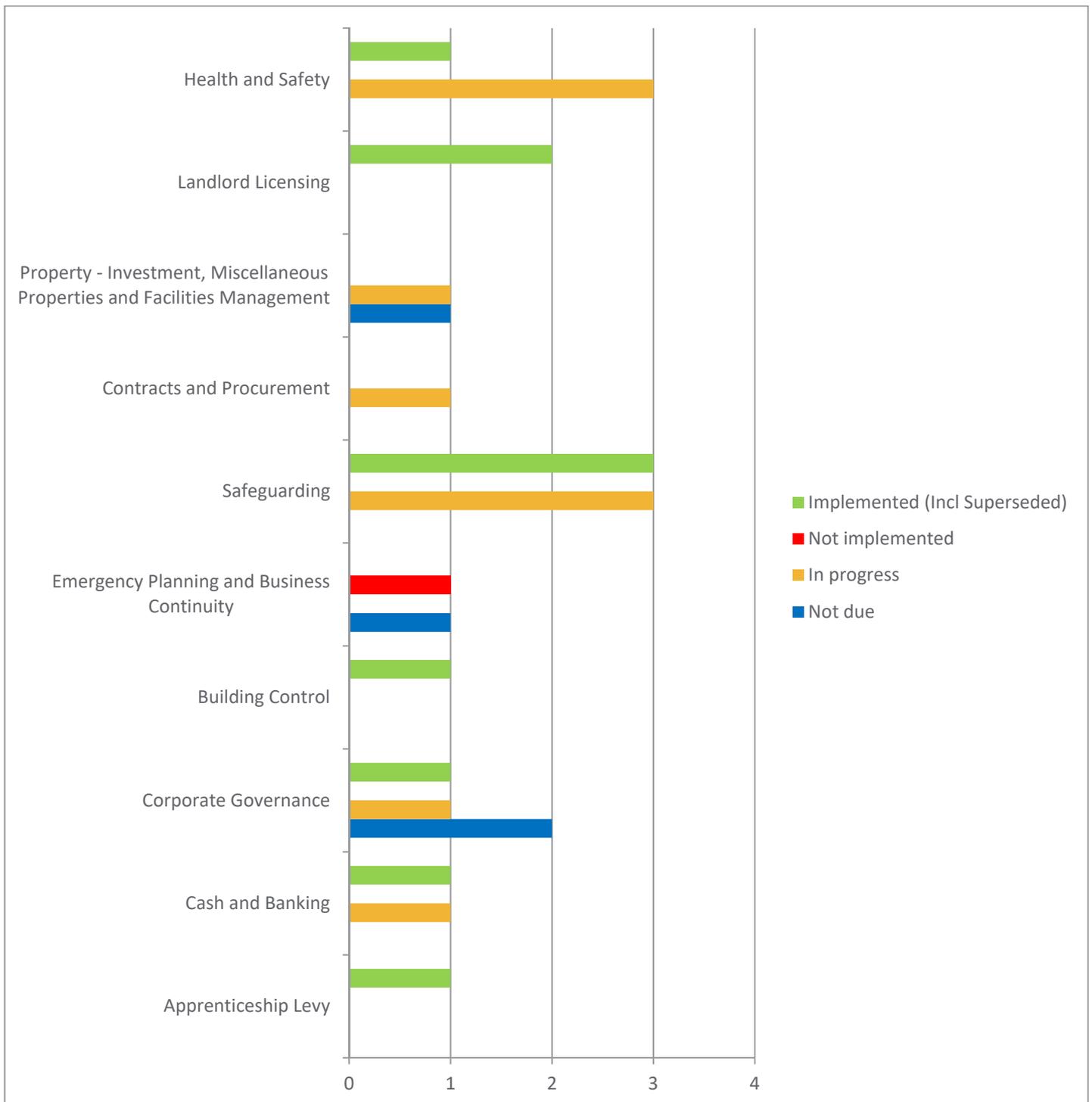
1.4 Progress on actions

Implementation status by review	Number of actions agreed	Status of management actions					
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not yet due (5)	Confirmed as completed or no longer necessary (1)+(4)
11.18/19 Health and Safety	4	1	3	0	0	0	1
13.18/19 Landlord Licensing	2	2	0	0	0	0	2
19.18/19 Property - Investment, Miscellaneous Properties and Facilities Management	2	0	1	0	0	1	0
20.18/19 Contracts and Procurement	1	0	1	0	0	0	0
1.19/20 Safeguarding	6	3	3	0	0	0	3
3.19/20 Emergency Planning and Business Continuity	2	0	0	1	0	1	0
4.19/20 Building Control	1	1	0	0	0	0	1
6.19/20 Corporate Governance	4	1	1	0	0	2	1
8.19/20 Cash and Banking	2	1	1	0	0	0	1
12.19/20 Apprenticeship Levy	1	1	0	0	0	0	1

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Implementation status by management action priority	Number of actions agreed	Status of management actions					
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not yet due (5)	Confirmed as completed or no longer necessary (1)+(4)
Low	12	6	3	1	0	2	6
Medium	13	4	7	0	0	2	4
Totals	25	10	10	1	0	4	10

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2   FINDINGS AND MANAGEMENT ACTIONS

This report has been prepared by exception. Therefore, we have included only those actions graded as 2 and 3. Each action followed up has been categorised in line with the following:

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
1	**11.18/19 Health & Safety** All risk assessments will be fully completed, uploaded to AssessNet and signed off by managers.	31 July 2019	Medium	It was confirmed through discussions with the Health, Safety and Emergency Planning Officer that whilst progress had been made towards completing and uploading all risk assessments to AssessNet, and having them signed off by Managers, this action was still in progress. Progress was evidenced via the quarterly briefing not sent to the Corporate Health and Safety Group.	2	All risk assessments will be reviewed as required and signed off by Managers.	Medium	31 July 2020	Health, Safety and Emergency Planning Officer.
2	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	31 December 2019	Medium	We reviewed the contractor list, which confirmed that there were now 63 registered contractors, rather than 23 when previously reviewed. However, it was noted that many of these contractors had	2	Approved contractors who have passed the review date for competency and insurance review will be contacted to	Medium	31 May 2020	Health, Safety and Emergency Planning Officer

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Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
	to health and safety checks prior to use.			passed their review date for various competency and insurance checks.		undertake these checks.			
3	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, Safety and Emergency Planning Officer.	31 March 2019	Medium	We reviewed the tracker document for staff who started from April 2018 to June 2019, which confirms that 21 per cent do not have a health and safety induction form, and 50 per cent have not attended a health and safety awareness course. Whilst tracking levels of training is a proactive step, there are still many new starters who do not receive the mandatory Health and Safety training.	2	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, Safety and Emergency Planning Officer.	Medium	31 July 2020	Health, Safety and Emergency Planning Officer

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Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
5	**20.18/19 Contracts and Procurement** Once the Council has its own licence for the e-procurement system a digital register facility will be available for use through the Contract Management module. A reconciliation exercise will be undertaken with the involvement of Service Managers / contract owners and the Legal Team to ensure that all existing contracts are identified and added to the Contracts Register on the system. All contracts will be reviewed by the Legal Team prior to the Council entering into any agreements.	30 September 2019	Medium	The Financial Services Manager confirmed that the digital register on the e-procurement system has not been implemented but is still something the Council want to introduce. In regards to the contracts it was confirmed that all contracts go through the Legal Team and that a Contracts Register is maintained by them. A sample of five contracts were obtained, reviewed and confirmed to have all been completed and fully signed off and dated by both parties involved.	2	Once the Council has its own licence for the e-procurement system a digital register facility will be available for use through the Contract Management module. All Council contracts will then be held on this system.	Medium	31 December 2020	Financial Services Manager
6	**1.19/20 Safeguarding** Information on Safeguarding will be displayed to staff and volunteers on notice boards around the Civic Centre and on completion of the review, safeguarding information will be published on the	31 January 2020	Medium	Through discussion with the Community Safety and Safeguarding Manager it was confirmed that this action was in the process of implementation but was not fully completed. Due to guidance having been updated, the designs for the posters had not been finalised, and there was a redesign to	2	Information on Safeguarding will be displayed to staff and volunteers on notice boards around the Civic Centre and on completion of the review, safeguarding information will be	Medium	31 March 2020	Community Safety and Safeguarding Manager

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Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
	Council's website and on the intranet.			allow dedicated pages on the intranet.		published on the Council's website and intranet.			
11	**8.19/20 Cash and Banking** Market staff will be reminded to issue receipts to every stall holder with their name and stall number clearly recorded.	30 September 2019	Medium	From our sample of 72 receipts from 2 October 2019 to 23 October 2019, we found that: • Five receipts had not been dated. • Three receipts either had no stall number, or the wrong stall number. • Two receipts were present for the same person and stall in the same week, whilst another stall had no receipt during that week. • One receipt stated £12 for two stalls, however the correct amount of money was collected. Whilst it has been reinforced to Flea Market staff that the standard of information on the receipts needs to be improved, there has been no change in standard. This leads to the potential risk of financial loss caused by not charging stall holders.	2	Market staff will be reminded to issue receipts to every stall holder with their name and stall number clearly recorded.	Medium	30 April 2020	Property Surveyor

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Subject: Draft Annual Internal Audit Report 2019/20

Date: 1 June 2020

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

1. Purpose of the Report

1.1 To report on the activities of Internal Audit during the 2019/20 financial year to date that includes, amongst other matters, a draft opinion on the overall adequacy and effectiveness of the Council's internal control environment.

2. Background

The role of Internal Audit

2.1 The role of Internal Audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal Audit is therefore a key part of Gedling Borough Council's assurance cycle, and if used properly, can help to inform and update the organisation's risk profile. Internal audit is just one of the sources of assurance available to the Council and the Audit Governance Statement.

2.2 Under Regulation 6(1) of the Accounts and Audit (England) Regulations 2015, which amended the 2011 Regulations, authorities are required to publish an Annual Governance Statement in line with the CIPFA/SOLACE Framework *"Delivering Good Governance in Local Government"*, to meet with that statutory requirement.

2.3 The Council's 2019/20 Internal Audit Plan was delivered by RSM Risk Assurance Services LLP on an outsourced basis.

Annual Internal Audit Report

2.4 The report summarises the work undertaken by Internal Audit during the financial year 2019/20 to formulate the draft opinion.

2.5 The overall draft opinion issued to Gedling Borough Council for 2019/20 is as follows:

Internal Audit are satisfied that sufficient internal audit activity has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of Gedling Borough Council's risk management, governance and control processes.

It is Internal Audit's draft opinion that, for the 12 months ending 31 March 2020, Gedling Borough Council has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

2.6 To inform the governance opinion for 2019/20, consideration was taken of the governance and oversight-related elements of each of the reviews delivered as part of the 2019/20 Internal Audit Plan. It was concluded that there is a sound governance framework in place and the Audit Committee is effective in monitoring and challenging management.

A review of Corporate Governance was also undertaken at the Council as part of the approved Internal Audit Plan for 2019/20. The review reported positively on the governance framework in place and concluded that the Council could take substantial assurance.

2.7 Our risk management opinion is informed by our observation of risk management systems and processes throughout the course of all audits within the Internal Audit Plan. The Corporate Risk Register contains those risks which may impact achievement of the Council's strategic objectives, whereas the Service Risk Register documents risks identified at an operational level for each service area. The risks are discussed and reviewed quarterly by the Senior Leadership Team and a quarterly report is presented to the Audit Committee. An audit of Risk Management was undertaken during 2019/20, which concluded that the Council could take substantial assurance.

2.8 We undertook 16 Internal Audit reviews in 2019/20 which resulted in an assurance opinion. There were 12 reviews (75%) from which the Council can take substantial assurance, three reviews (19%) from which the Council can take reasonable assurance and one review of IT General Controls (6%) from which the Council can take partial assurance. The IT General Controls review resulted in three high, three medium and six low priority actions being raised and agreed with management.

During the year we raised a total of 69 management actions across assurance and follow up reviews. Of the 69 actions raised: three (4%) were 'high' priority, 31 (45%) were 'medium' priority and 35 (51%) were 'low' priority actions.

2.9 In conclusion, the Council has maintained progress within the areas of governance, risk management and control arrangements.

3. Recommendations

3.1 Members are requested to receive and accept the Report as presented.

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GEDLING BOROUGH COUNCIL

Draft Annual Internal Audit Report 2019/20

24 March 2020

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.

RSM

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1 DRAFT ANNUAL INTERNAL AUDIT OPINION

This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the Council's risk management, control and governance processes. The opinion should contribute to the Council's annual governance reporting.

This document provides our draft annual internal audit opinion for 2019/20 as at 24 March 2020. The final opinion will be set out in our annual audit report after year end.

1.1 The draft internal audit opinion

For the 12 months ended 31 March 2020 (draft as at 24 March 2020), the draft audit opinion for Gedling Borough Council is as follows:

Head of internal audit opinion 2019/2020

The organisation has an adequate and effective framework for risk management, governance and internal control.

However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

Please see appendix A for the full range of annual opinions available to us in preparing this report and draft opinion.

1.2 Scope and limitations of our work

The formation of our draft opinion is achieved through a risk-based plan of work, agreed with management and approved by the Governance Scrutiny Group. Our draft opinion is subject to inherent limitations, as detailed below:

- The draft opinion does not imply that internal audit has reviewed all risks and assurances relating to the Council;

- The draft opinion is substantially derived from the conduct of risk-based plans generated from a robust and Council-led assurance framework. As such, the assurance framework is one component that the board takes into account in completing its annual governance reporting;

- The draft opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management/lead individual;

- The draft opinion is based on the testing we have undertaken, which was limited to the area being audited, as detailed in the agreed audit scope;

- Where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;

- Due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to attention; and

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- It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

1.3 Factors and findings which have informed our draft opinion

Governance

A review of Corporate Governance was undertaken at the Council as part of the approved internal audit periodic plan for 2019/20. The review reported positively on the governance framework in place and concluded that the Council could take substantial assurance. This review resulted in one 'medium' and three 'low' priority findings; the medium priority finding related to a register of interest not being in place for all staff at the Council.

We have also taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2019/20 internal audit plan. We have observed that the Audit Committee is effective in monitoring and challenging management and holding them to account.

Risk Management

Our risk management opinion is informed by our observation of risk management systems and processes throughout the course of all audits within the Audit Plan. The Corporate Risk Register contains those risks which may impact achievement of the Council's strategic objectives, whereas the Service Risk Register documents risks identified at an operational level for each service area. The risks are discussed and reviewed quarterly by the Senior Leadership Team and a quarterly report is presented to the Audit Committee.

An audit of Risk Management was undertaken during 2019/20, which concluded that the Council could take substantial assurance. We did not consider it necessary to raise any management actions as a result of this audit.

Internal Control

We undertook 16 internal audit reviews in 2019/20 which resulted in an assurance opinion. There were 12 reviews (75%) from which the Council can take substantial assurance, three reviews (19%) from which the Council can take reasonable assurance and one review of IT General Controls (6%) from which the Council can take partial assurance. The IT General Controls review resulted in three high, three medium and six low priority actions being raised and agreed with management.

During the year we raised a total of 69 management actions across assurance and follow up reviews. Of the 69 actions raised: three (4%) were 'high' priority, 31 (45%) were 'medium' priority and 35 (51%) were 'low' priority actions.

An advisory review of the Council's Flexible and Lone Working arrangements was undertaken, and suggestions were provided to management to consider.

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2 THE BASIS OF OUR INTERNAL AUDIT DRAFT OPINION

As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our draft opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2019/2020.

2.2 Implementation of internal management actions

Our follow up of the actions agreed to address previous years' internal audit findings shows that the Council has made varied progress in implementing the agreed actions across the two planned follow up reviews. Details of the follow up work is summarised below:

Follow Up 1: Good Progress

Our Follow Up work has concluded that the Council has demonstrated good progress in implementing the agreed management actions. Of the 25 management actions reviewed, we found that 19 management actions had been fully implemented or superseded and the remaining six were ongoing or not implemented, with revised dates for completion agreed.

Follow Up 2: Little Progress

Our Follow Up work has concluded that the Council has demonstrated little progress in implementing the agreed management actions. Of the 25 management actions followed up, 10 management actions had been fully implemented, 10 were considered to be ongoing, one was not implemented and four were not yet due for implementation.

2.3 Working with other assurance providers

In forming our draft opinion we have not placed any direct reliance on other assurance providers.

3 OUR PERFORMANCE

3.1 Conflicts of interest

RSM has not undertaken any work or activity during 2019/2020 that would lead us to declare any conflict of interest.

3.2 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 Governance Scrutiny Group and the supporting working papers." RSM was found to have an excellent level of conformance with the IIA's professional standards.

3.3 Quality assurance and continual improvement

To ensure that RSM remains compliant with the International Standards for the Professional Practice of Internal Auditing and the International Professional Practices Framework (IPPF) 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 are used to inform the training needs of our audit teams.

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

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APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

Annual opinions	Factors influencing our opinion
The organisation has an adequate and effective framework for risk management, governance and internal control.	The factors which are considered when influencing our opinion are: • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weakness identified; • the level of risk exposure; and • the response to management actions raised and timeliness of actions taken.
The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.	
There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.	
The organisation does not have an adequate framework of risk management, governance or internal control.	
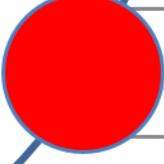
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APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2019/2020

Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
Safeguarding (1.19/20)	Director of Organisational Development and Democratic Services Director of Health and Community Wellbeing	Reasonable assurance	0	3	3
Flexible and Lone Working (2.19/20)	Director of Organisational Development and Democratic Services	Advisory	0	2	3
Emergency Planning and Business Continuity (3.19/20)	Deputy Chief Executive and Finance Director	Substantial assurance	0	1	1
Building Control (4.19/20)	Chief Executive	Substantial assurance	0	1	0
Follow Up 1 (5.19/20)	Deputy Chief Executive and Finance Director	Good Progress	0	3	3
Corporate Governance (6.19/20)	Director of Organisational Development and Democratic Services	Substantial assurance	0	1	3
Debtors and Debt Recovery (7.19/20)	Deputy Chief Executive and Finance Director	Substantial assurance	0	1	0
Cash and Banking (8.19/20)	Deputy Chief Executive and Finance Director	Substantial assurance	0	1	1
Leisure Centres (9.19/20)	Director of Health and Community Wellbeing	Reasonable assurance	0	4	2
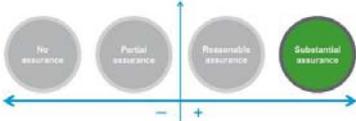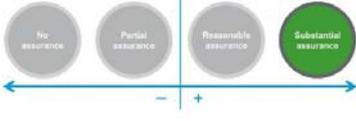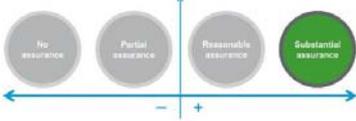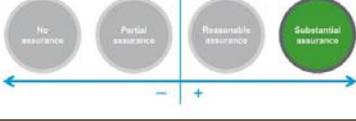
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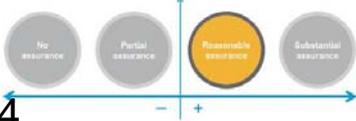
Assignment	Executive lead	Assurance level	Actions agreed		
			H	M	L
Main Accounting System (10.19/20)	Deputy Chief Executive and Finance Director	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	1	1
IT General Controls (11.19/20)	Director of Organisational Development and Democratic Services	No assurance / **Partial assurance** / Reasonable assurance / Substantial assurance	3	3	6
Apprenticeship Levy (12.19/20)	Director of Organisational Development and Democratic Services	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	1	0
Housing Benefits, Universal Credit and Council Tax Reduction Scheme (13.19/20)	Deputy Chief Executive and Finance Director	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	1	3
Payroll and Expenses (14.19/20)	Deputy Chief Executive and Finance Director	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	0	0
Council Tax (15.19/20)	Deputy Chief Executive and Finance Director	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	2	0
Pre-Application Advice (16.19/20)	Chief Executive	No assurance / Partial assurance / **Reasonable assurance** / Substantial assurance	0	1	4
Risk Management (17.19/20)	Deputy Chief Executive and Finance Director	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	0	0
Recruitment and Retention (18.19/20)	Director of Organisational Development and Democratic Services	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	1	3
Follow Up 2 (19.19/20)	Deputy Chief Executive and Finance Director	Little progress	0	6	5

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We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the board can take:

Taking account of the issues identified, the Council cannot take assurance that the controls upon which the Council relies to manage this risk are suitably designed, consistently applied or effective.
Urgent action is needed to strengthen the control framework to manage the identified risk(s).

Taking account of the issues identified, the Council can take partial assurance that the controls to manage this risk are suitably designed and consistently applied.
Action is needed to strengthen the control framework to manage the identified risk(s).

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).

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

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FOR FURTHER INFORMATION CONTACT

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Report to Audit Committee

Subject: **Mazars External Audit – Audit Strategy Memorandum**

Date: **1 June 2020**

Author: **Assistant Director - Finance**

1.   **Purpose of the Report**

The attached report prepared by Mazars, the Council's External Auditor, sets out the External Audit Strategy Memorandum for the year ending 31 March 2020 for approval.

Recommendations:

That Members:

- receive the report and approve the Mazars External Audit Plan for 2019/20 and refer the report to full Council for information.

---

1   **Background**

1.1   The Audit Strategy Memorandum summarises the Mazars audit approach, highlighting significant audit risks and areas of key judgements and also provides details of the audit team. The document is prepared by Mazars following initial discussions with management and is the basis for discussion of the audit approach, and any questions Members may have on that approach or the role as auditor.

2   **Proposal**

2.1   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 2019/20 Financial Statements (including the Annual Governance Statement) and the Value for Money Arrangements of the Council.

3   Financial Implications

3.1   There are no financial implications arising directly from this report. The fee for external audit work will be met from the current approved budget.

4   Appendices

4.1   Mazars Audit Strategy Memorandum – Year ending 31 March 2020.

Audit Strategy Memorandum

Gedling Borough Council
Year ending 31 March 2020
Draft

MAZARS

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Audit Committee Members
Gedling Borough Council,
Civic Centre,
Arnot Hill Park
Arnold
Nottingham
NG5 6LU

24 March 2020

Dear Sirs / Madams,

Audit Strategy Memorandum – Year ending 31 March 2020

We are pleased to present our Audit Strategy Memorandum for Gedling Borough Council for the year ending 31 March 2020.

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

MAZARS

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 2020. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies

Our responsibilities

Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below:

Audit opinion

We are responsible for forming and expressing an opinion on 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.

Reporting to the NAO

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

Value for Money

We are required to conclude whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in it its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.

Electors' rights

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.

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2. YOUR AUDIT ENGAGEMENT TEAM

David Hoose
Partner

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Anita Pipes
Manager

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Tel: 07919 395251

James Wright
Senior

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Tel: 07545 248698

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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.

Completion — Jul 2020
- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the Audit Committee
- Reviewing post balance sheet events
- Signing our opinion

Planning — Nov - Dec 2019
- Updating our understanding of the Council
  - Initial opinion and value for money risk assessments
    - Development of our audit strategy
      - Agreement of timetables
        - Preliminary analytical procedures

Fieldwork — Jun - Jul 2020
- Review of draft financial statements
- Reassessment of audit strategy, revising as necessary
- Delivering our planned audit testing
- Continuous communication on emerging issues
- Clearance meeting

Interim — Jan - March 2020
- Documenting systems and controls
- Walkthrough procedures
- Controls testing, including general and application IT controls
- Early substantive testing of transactions

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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 *Actuary for Nottinghamshire Pension Fund*	PWC *Consulting actuary appointed by the NAO*
Property, plant and equipment valuation	Katie Walters *The Council's internal valuer* Bruton Knowles *Valuation of Mapperley Golf Course and the Bestwood Lodge Hotel*	Not applicable
Financial instrument disclosures	Link Asset Services *Treasury management advisors*	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 *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.*	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.

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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.
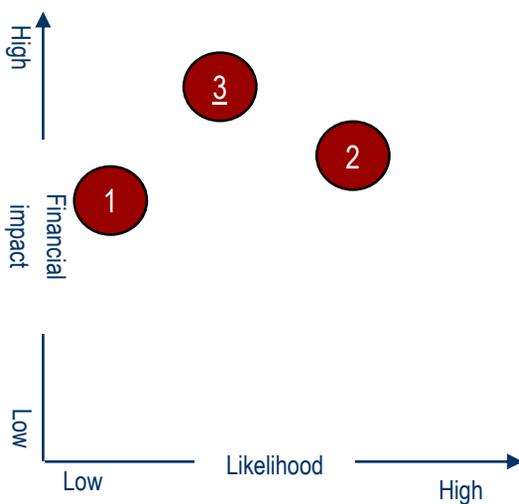
Risk	
1	Management override of control
2	Property, plant and equipment valuation
3	Defined benefit liability valuation

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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	**Management override of controls** 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.	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual. We will use a computer audit analytical technique (CAAT) to efficiently identify journals with risk characteristics and test 100% of such adjustments to the financial ledger.
2	**Valuation of property, plant and equipment, investment properties (where material) and assets held for sale (where material)** The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Authority's holding of Property, Plant and Equipment (PPE). Although the Authority uses an internal valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of PPE to be an area of significant risk. For 2019/20 we understand that Bruton Knowles have been commissioned to value Mapperley Golf Course and the Bestwood Lodge Hotel and the same risks apply in relation to the external valuer.	We will consider the Council's arrangements for ensuring that PPE values are reasonable and will assess whether valuation movements are in line with market expectations using available indices where appropriate. We will also assess the competence, skills and experience of the valuer(s). We will test a sample of revaluations in year to valuation reports and supporting calculation sheets to ensure these are consistent with underlying source records (such as floor plans) in addition to challenging the methods and assumptions used by the valuer(s). Where necessary we will also perform further audit procedures on individual assets to ensure that the basis and level of revaluation is appropriate. In addition, we will assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2019/20 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer(s).

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Significant risks (continued)

	Description of risk	Planned response
3	**Valuation of net defined benefit liability** The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. Moreover, in 2019/20 the local government pension assets and liabilities are subject to triennial revaluation, which will set the contribution rates for 2020/21 onwards. This results in an increased risk of material misstatement.	In relation to the valuation of the Council's defined benefit pension liability in addition to our standard programme of work in this area we will: • 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; • 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; • Critically assess the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary, Barnett Waddingham; and • 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.

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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	**Fraudulent revenue recognition** Our audit methodology incorporates this risk as a significant risk at all audits, although based on the circumstances of each audit, it is rebuttable.	We have evaluated the revenue streams of the Council and do not consider this to be a significant risk for Gedling Borough Council as: • 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. 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.

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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:

Risk assessment	Risk mitigation work	Other procedures
NAO Guidance		Consider the work of regulators
Sector-wide issues	Planned procedures to mitigate the risk of forming an incorrect conclusion on arrangements	Consider the Annual Governance Statement
Your operational and business risks		Consistency review and reality check
Knowledge from other audit work		

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.

For the 2019/20 financial year, we have not identified any significant risks to our VFM conclusion. We have though identified the following as matters which we need to keep under close review during our audit:

* Financial sustainability – The Council has continued to work on updating forecasts and modelling its funding requirements and efficiency plans. This year the revenue budget is forecast to come in on budget although efficiency savings have not been as positive as expected. The capital budget has reduced with over £2m of capital expenditure deferred into the next financial year. We need to consider the year end outturn against the revised budget at year end and update our assessment of this risk before forming our final VFM.

* Commercialisation - The Council approved a Commercial Investment Strategy in April 2019 and set aside £2.5m of budget in 2019/20 for the purchase of commercial property investments for the first time. The quarter 3 budget monitoring report shows £1.6m of this fund will not be utilised by the year end as although investments were identified there were not found to be appropriate. Although the 2019/20 capital investment expenditure is likely to be below our materiality we will review the governance arrangements supporting any investment decisions and consider if any external borrowing has occurred in 2019/20 as well as the impact on the MRP of any commercial investments.

We will continually assess whether any matters come to our attention through the course of our audit that lead us to conclude that a risk to our VFM conclusion does exist and where any such risk is identified, these will be reported to the Audit and Governance Committee as part of our Audit Completion Report.

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6. FEES FOR AUDIT AND OTHER SERVICES

Fees for work as the Council's appointed auditor

The table below shows the scale fees set by PSAA as communicated in our fee letter of 26 April 2019. At this stage of the audit we are notifying clients that due to regulatory changes in audit requirements since the fees were agreed by PSAA – notably around increased work on PPE and Pensions – that fees are likely to have to increase in 2019/20. This is in line with other suppliers under the PSAA audit contracts who increased fees substantially in 2018/19. Any proposed increases to the fee to address, for example, changes to the identified risks or other additional required work will be discussed with the Deputy Chief Executive and Director of Finance before approval is sought from PSAA.

Service	2018/19 fee (plus VAT)	2019/20 fee (plus VAT)
Code audit work – scale Fee	£ 32,779	£ 32,779
Additional work undertaken following changes to pension liabilities to take account of the McCloud/GMP adjustment.	£750	
Additional work required to audit the Prior Period Adjustment on PPE	£3,402	
Additional work in response to regulatory recommendations to increase level of audit work on defined benefit liability schemes	£0	To be confirmed*
Additional work in response to regulatory recommendations to increase level of audit work on the valuation of property plant and equipment.	£0	To be confirmed*
Total	**£36,931**	**To be confirmed**

• Subject to agreement with the Authority and approval by PSAA

Fees for non-PSAA work

We are not carrying out any non-PSAA work in 2019/20. Should the Council wish us to undertake any other additional work, before agreeing to undertake this work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

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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.

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8.   MATERIALITY AND MISSTATEMENTS

Summary of initial materiality thresholds

Threshold	Initial threshold
Overall materiality	£1,162,000
Performance materiality	£872,000
Trivial threshold for errors to be reported to the Audit Committee	£35,000

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 2018/19 total gross expenditure at the surplus/deficit on provision of services level. 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.

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8.   MATERIALITY AND MISSTATEMENTS (CONTINUED)

We have set our materiality threshold at 2% of the benchmark based on the 2018/19 audited financial statements.

Based on the 2018/19 audited financial statements we anticipate the overall materiality for the year ending 31 March 2020 to be £1,162,000.

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 second year of audit and accordingly we hold cumulative audit knowledge about the Council's financial statements. We have therefore set our performance materiality at 75% of our overall materiality being £872,000.

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 £35,000 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).

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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		✓

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APPENDIX B – FORTHCOMING ACCOUNTING AND OTHER ISSUES

Financial reporting changes relevant to 2019/20

There are no significant changes in the Code of Practice on Local Authority Accounting for the 2019/20 financial year.

Financial reporting changes in future years

Accounting standard	Year of application	Commentary
IFRS 16 – Leases	2020/21	The CIPFA/LASAAC Code Board has determined that the Code of Practice on Local Authority Accounting will adopt the principles of IFRS 16 Leases, for the first time from 2020/21. IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes to the way bodies account for leases, which will have substantial implications for the majority of public sector bodies. The most significant changes will be in respect of lessee accounting (i.e. where a body leases property or equipment from another entity). The existing distinction between operating and finance leases will be removed and instead, the new standard will require a right of use asset and an associated lease liability to be recognised on the lessee's Balance Sheet. In order to meet the requirements of IFRS 16, all local authorities will need to undertake a significant project that is likely to be time-consuming and potentially complex. There will also be consequential impacts upon capital financing arrangements at many authorities which will need to be identified and addressed at an early stage of the project.

Forthcoming audit changes

Matter	Year of application	Commentary
Value for Money Conclusion	2020/21	The National Audit Office (NAO) has published the final draft of the new Code of Audit Practice 2020, confirming more robust narrative reporting requirement. The new Code comes into effect from April 2020 and will apply to the Council's 2020/21 financial year. There a number of changes to the Code, the most noticeable being the introduction of external audit commentary on a local authority's overall arrangements in securing value for money, with a focus on financial sustainability, governance, and improving value for money.

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Report to Audit Committee

Subject: **Local Code of Corporate Governance 2020/21**

Date: **1 June 2020**

Author: **Monitoring Officer**

1.   **Purpose of the Report**

        To seek approval for the updated Local Code of Corporate Governance 2020/21.

Recommendation

 THAT: The Local Code of Corporate Governance for 2020/21 be approved.

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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 it's 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. It is proposed that Audit Committee now approves the Local Code of Corporate Governance for 2020/21 attached at Appendix 1.

4.   Resources Implications

None directly arising from this report.

5.   Appendices

Appendix 1 - Local Code of Corporate Governance for 2020/21.

6.   **Background papers**

None identified.

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LOCAL CODE OF CORPORATE GOVERNANCE 2020/21

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. CIPFA[1]/SOLACE[2] 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.

Good Governance

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	▪ 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

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[1] Chartered Institute of Public Finance and Accountancy
[2] Society of Local Authority Chief Executives

	and processes which are reviewed on a regular basis to ensure that they are operating effectively.
Demonstrating strong commitment to ethical values	▪ 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	▪ 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:
  o Members' code of conduct
  o Officers' code of conduct
  o Protocol on member/officer relations
  o Gifts and Hospitality Code of Practice for Members and Officers, ~~which was reviewed in 2018/19~~
  o Members' Register of Interests
  o 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~~ *quarterly* 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. *The register of gifts and*

- *hospitality for Members is now published on the Council's website on a quarterly basis.*
- Has an Audit Committee which has overall responsibility for the Council's governance and risk management arrangements.
- ~~Will finalise the review of the~~ *Has approved a* Counter Fraud and Corruption Strategy, including whistleblowing procedures during 2019/20~~. The review will consider~~ *and will be introducing* appropriate arrangements for an Officers' Register of Interests *during 2020/21*. Fraud awareness training will be delivered to Officers and Members and the Strategy published on the Council's website.
- ~~Is developing~~ *Has developed* new guidance for Officers in respect of establishing partnerships and the governance 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 with a new *template agreed to ensure that the details of review and approval are documented on the report.*
- 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.
- Has *continued to* progress~~ed~~ a comprehensive review of the Constitution during ~~2018/19 which will be completed during~~ 2019/20 *which will be completed during 2020/21.*
- ~~Is conducting~~ *Has conducted* a review of the Council's Equalities Policy during 2019/20 *and will introduce a new Policy, including reasonable adjustments during 2020/21.*
- Has an approved Modern Slavery and Human Trafficking Transparency Statement and Modern Slavery Policy.
- *Has put in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer and deputy.*

Core Principle B - Ensuring openness and comprehensive stakeholder engagement

Sub-principle	Actions to demonstrate good governance
Openness	- 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 comprehensively with institutional stakeholders
 	
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
	▪ Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
	▪ 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:
	   ○ 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

Engaging with individual citizens and service users effectively	▪ 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:

- o Consulting with residents about Council services and priorities through the bi-annual Gedling Conversation and Satisfaction Survey
- o Holding meetings in public wherever possible
- o Publishing agendas, minutes and decisions
- o Making provision in the Council's Procedural Standing Orders in the Constitution for the public to ask questions at Council meetings
- o Undertakes annual budget consultation with business ratepayers
- o Having effective relationships with other public sector agencies and the private and voluntary sectors
- o 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 to compliment the preparation of the Local Plan.
- ▪ Proactively engages in the health agenda through involvement in the Nottinghamshire Health & Wellbeing Board *and South Nottinghamshire Integrated Care Partnership.*
- ▪ 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.
- ▪ 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~~ *Has commenced work to develop* a Community Engagement toolkit *which will be completed and adopted* during ~~2019/20~~ *2020/21.*
- ▪ *Publishes clear information and Privacy Notices setting out what personal data is collected and how it will be used.*

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

Sub-principle	Actions to demonstrate good governance
Defining outcomes	▪ 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	- 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 possible in order to ensure appropriate trade-offs. - Ensuring fair access to services.

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~~ *Intends to strengthen its role in enabling Social Value through its procurement activity in accordance with* the Public Services (Social Value) Act 2012 ~~requirements when undertaking procurement activity.~~ - *Has agreed a new report template to ensure that the details of carbon reduction/environmental sustainability implications are documented in reports.*

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

Sub-principle	Actions to demonstrate good governance
Determining interventions	▪ 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	▪ Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. ▪ Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. ▪ 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	▪ 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 *with a new template agreed to ensure that the details of review and approval are documented on the report.*
- Has ~~introduced~~ a project management framework, including the full use of business case development.
- Has an approved 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 approved a Capital Investment Strategy for 2020/21 to 2024/25.*
- *Will implement the requirements of the Financial Management Code to support good practice in financial management and demonstrate financial resilience and sustainability.*
- 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
- *Has developed an External Funding Strategy to ensure bids for external funding comply with Financial Regulations and meet agreed Gedling Plan priorities.*

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	- 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	▪ 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:
	  - 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 public participation
	▪ 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.

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. ▪ *Has delivered a comprehensive programme of Corporate Governance training to Officers during 2019/20 which will be completed in 2020/21.* ▪ 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~~ *agreed a* Flexible and Agile Working *Policy in 2019.*
- 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'.
- *Signed the Prevention Concordat for Better Mental Health.*
- 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.
- 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.
- Has *continued to* progress~~ed~~ a comprehensive review of the Constitution during ~~2018/19~~ *2019/20* which will be completed during ~~2019/20~~ *2020/21.*
- ~~Is conducting~~ *Has conducted* a review of the Council's Equalities Policy during 2019/20 *and will introduce a new Policy, including reasonable adjustments during 2020/21.*
- 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.
- *Agreed to sign the GMB's Employee Charter to demonstrate commitment to supporting employees experiencing domestic abuse.*

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	- 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	▪ 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	▪ 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: - Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment - That its recommendations are listened to and acted upon
Managing data	▪ 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	▪ 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 *by Senior Leadership Team and Audit Committee.*
- The Council has contracted with ~~RSM~~ *BDO* 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.
- ~~Has carried out a review of the effectiveness of the scrutiny function.~~ *Is implementing the statutory Guidance on Overview and Scrutiny in Local and Combined Authorities.*
- ~~Will finalise the review of the~~ *Has approved a* Counter Fraud and Corruption Strategy, including whistleblowing procedures during 2019/20 to ensure effective arrangements are in place. This will be published on the website and be accessible to officers and those contracting with or appointed by the Council.
- Has robust arrangements in place for:
  - o Managing data.
  - o Training staff and Members in relation to information governance
  - o Ensuring data security breaches are reported and dealt with appropriately as set out in the Information Security Policy
  - o Setting out how data shall be dealt with in the Information Security Policy and Records Retention and Disposal Policy
  - o Ensuring appropriate Information Sharing Agreements signed off by the Data Protection Officer are in place.
- *Has put in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer and deputy.*
- *Has developed an External Funding Strategy to ensure bids for external funding comply with Financial Regulations and meet agreed Gedling Plan priorities.*
- *Quarterly risk management information will be reported to Overview and Scrutiny Committee from April 2020.*
- *Publishes clear informative and Privacy Notices setting out what personal data is collected and how it will be used.*
- Has *continued to* progress~~ed~~ a comprehensive review of the Constitution during ~~2018/19~~ *2019/20* which will be completed during ~~2019/20~~ *2020/21*.
- Has ~~introduced~~ a project management framework, including the full use of business case development.
- *Has developed a Data Hub to provide an easily accessible online portal to access data that will inform and evidence decision making service, planning and other project work.*

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	▪ 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

	• 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	• 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	• 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.
- Has put in place measures to respond to the ~~new~~ GDPR *and Data Protection Act* requirements, including appointing a Data Protection Officer and deput~~ies~~y.
- ~~Has introduced the recording of the number of votes cast for, against and abstentions in the minutes of full Council meetings~~.

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