

Agenda

Audit Committee

Date: **Tuesday 20 September 2022**

Time: **5.30 pm**

Place: **Council Chamber**

For any further information please contact:

Democratic Services

committees@gedling.gov.uk

0115 901 3844

Audit Committee

Membership

Chair	Councillor Bob Collis
Vice-Chair	Councillor Meredith Lawrence
	Councillor Liz Clunie
	Councillor Andrew Ellwood
	Councillor Kathryn Fox
	Councillor Helen Greensmith
	Councillor Lynda Pearson

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AGENDA

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|----------|--|----------------|
| 1 | Apologies for Absence and Substitutions. | |
| 2 | To approve, as a correct record, the minutes of the meeting held on 28 June 2022. | 5 - 7 |
| 3 | Declaration of Interests. | |
| 4 | Internal Audit Progress Report (BDO) | 9 - 61 |
| 5 | Audit Committee Risk Scorecard - Q1 June 2022
Report of The Head of Finance and ICT. | 63 - 81 |
| 6 | Any other item which the Chair considers urgent. | |

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MINUTES AUDIT COMMITTEE

Tuesday 28 June 2022

Councillor Bob Collis (Chair)

Councillor Meredith Lawrence	Councillor Kathryn Fox
Councillor Liz Clunie	Councillor Helen Greensmith
Councillor Andrew Ellwood	Councillor Ron McCrossen

Absent: None.

Officers in Attendance: P Adcock, A Ball and C Goodall

Guests in Attendance: G Dulay – Internal Audit Director (BDO),
C Thomas – Internal Auditor (BDO),
D Hoose - Partner (Audit and Assurance) (Mazars)

17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS.

None.

18 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 15 MARCH 2022

RESOLVED:

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

19 DECLARATION OF INTERESTS.

None.

20 MAZARS (EXTERNAL AUDIT) - ANNUAL AUDIT REPORT 2020/21

The Audit and Assurance Partner introduced the Auditor's Annual Report for the year ended 31 March 2021 prepared by Mazars, the Council's External Auditor, which had been circulated in advance of the meeting.

RESOLVED:

To receive the Auditor's Annual Report for the year ended 31 March 2021 prepared by Mazars, and refer the report to Full Council for information.

21 MAZARS (EXTERNAL AUDIT) - AUDIT STRATEGY MEMORANDUM 2021/22

The Audit and Assurance Partner introduced a report, which had been circulated in advance of the meeting, presenting the Audit Strategy Memorandum for the year ended 31 March 2022 prepared by Mazars, the Council's External Auditor, for approval.

RESOLVED:

To receive the report and approve the Mazars Audit Strategy Memorandum for the year ended 31 March 2022 and refer the report to Full Council for information.

22 INTERNAL AUDIT REPORTS (BDO)

The Internal Audit Manager and the Internal Auditor introduced a report, which had been circulated in advance of the meeting, summarising the outcome of the internal audit activity completed by the BDO Internal Audit Team for the period March 2022 to June 2022, providing an update on the status of previous internal audit recommendations which have fallen due in the period November 2021 to June 2022 and providing the Head of Audit Opinion based on the outcome of the internal audit activity completed by the BDO Internal Audit Team in accordance with the approved 2021/22 Internal Audit Plan.

RESOLVED:

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

23 DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

The Director of Corporate Resources and s151 Officer introduced a report, which had been circulated in advance of the meeting, informing Members of the proposed Annual Governance Statement 2021/22.

RESOLVED:

To note the draft Annual Governance Statement 2021/22 and provide any comments for inclusion in the final version when presented to the Audit Committee in the autumn.

**24 CORPORATE RISK MANAGEMENT SCORECARD QUARTER 4
2021/22**

The Head of Finance and ICT introduced a report, which had been circulated in advance of the meeting, updating members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

RESOLVED:

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

25 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT.

Under this item the Chair allowed Councillor Greensmith to ask if the Audit Committee would receive a report relating to the review of taxi licensing fees that had been raised at Environment and Licensing Committee.

The Director of Corporate Resources responded. She explained that a full review was underway by the Environment and Licensing Committee and that an independent review was being carried out by CIPFA. She concluded that the outcome of the review would determine whether the report would be sent to Audit Committee in the future.

The meeting finished at 6.20 pm

Signed by Chair:
Date:

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Report to Audit Committee

Subject: Internal Audit Progress Report

Date: 20 September 2022

Author: Charlotte Thomas – Internal Audit Manager (BDO)

Purpose

To summarise the outcome of the internal audit activity completed by the BDO Internal Audit Team for the period July 2022 to September 2022.

Recommendation(s):

THAT:

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

1. Background

- 1.1 The Internal Audit Plan for 2022/23 was approved by the Audit Committee on 15 March 2022. The progress report provides a summary update on the reports issued in final by BDO in the period July 2022 to September 2022, and highlights associated key findings. In addition, the report identifies the work underway within the 2022/23 approved internal audit plan and the schedule in which we anticipate presenting the final reports to the Audit Committee over the year.
- 1.2 The role of internal audit is to provide an opinion to Full Council, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service.

2. Proposal

2.1 Two internal audit reports have been finalised since 28 June 2022.

Internal Audit Plan 2022/23

- Corporate Governance and Performance Management
- Recruitment and Retention

The Cyber Security audit is near completion but requires senior leadership team (SLT) review before submission to the Audit Committee. This will be presented at the Audit Committee in December 2022.

The report also informs the Audit Committee that four outstanding reports from the 2021/22 Internal Audit Plan are near completion. These will also be submitted to the senior leadership team (SLT) in due course and reported to the Audit Committee in December 2022. The annual Head of Internal Audit Opinion report will consequently be updated and will also be presented to the December 2022 Audit Committee. The four outstanding reports are:

- Environmental Health- Selective Licensing
- Environmental Health- Warden Enforcement
- Sustainable Environment
- Procurement and Contract Management

3. Financial Implications

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

4. Legal Implications

4.1 There are no legal implications arising directly from this report.

5. Equalities Implications

5.1 There are no equalities implications arising directly from this report.

6. Carbon Reduction/Environmental Sustainability Implications

6.1 There are no carbon reduction/environmental sustainability implications arising directly from this report.

7. Appendices

7.1 BDO Internal Audit Progress Report September 2022



INTERNAL AUDIT PROGRESS REPORT

Gedling Borough Council

September 2022

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SUMMARY OF 2022/2023 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the September 2022 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



2022/2023 INTERNAL AUDIT PLAN

We are now making good progress in the delivery of the September 2022/2023 audit plan, and we are pleased to present the following reports to this Audit Committee meeting:

- ▶ Corporate Governance
- ▶ Recruitment and Retention

The following audits are in progress:

- ▶ Cyber Security
- ▶ Building Control and Development Management
- ▶ Remote Working

We anticipate presenting these reports at future Audit Committee meetings.

CHANGES TO THE 2022/2023 INTERNAL AUDIT PLAN

There are no changes at present to this year's plan.

UPDATED ANNUAL HEAD OF INTERNAL AUDIT OPINION REPORT FOR 2021/2022

The four outstanding 2021/2022 reviews are near completion. These will be presented to the Senior Leadership Team (SLT) in the coming weeks and we will report on these, along with an updated annual Head of Internal Audit Opinion report at the Audit Committee in December 2022.

REVIEW OF 2022/2023 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Corporate Governance and Performance	September 2022	✓	✓	✓	M	M
Recruitment and Retention	September 2022	✓	✓	✓	M	M
Cyber Security	December 2022	✓	✓	✓		
Building Control and Development Management	December 2022	✓	✓			
Remote Working	December 2022	✓	✓			
Business Continuity and Emergency Planning	TBC	✓				
Main Financial Systems	TBC	✓				
Counter-Fraud and Corruption Strategy	TBC	✓				
Workforce Strategy	TBC	✓				
Economic Growth Framework and Partnerships	TBC	✓				



CORPORATE GOVERNANCE AND PERFORMANCE AUDIT

CRR REFERENCES:

7. FAILURE TO REACT TO CHANGES IN LEGISLATION

10. FAILURE TO MAINTAIN SERVICE STANDARDS

Design Opinion



Moderate

Design Effectiveness



Moderate

Recommendations

0

3

1



SCOPE

BACKGROUND

A Council's Code of Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. Robust corporate governance and performance management is the backbone of successful councils.

Gedling Borough Council (the Council) has a Cabinet model with an Overview and Scrutiny Committee as well as statutory committees. The Overview and Scrutiny Committee provides local accountability, allowing councillors who are not members of the Cabinet to examine decisions, policies and services of the authority ensuring they meet the objectives of the organisation.

Local authorities should have a robust governance and performance management framework in place to ensure that it is operating effectively and achieving its statutory duties and its pledges to the community it serves. Good governance is essential in ensuring that councils are effectively prioritising and making sound decisions.

We reviewed the Council's corporate governance arrangements to ensure they comply with best practice and help deliver the outcomes expected by the Council.

AREAS REVIEWED

We reviewed the Council's corporate governance arrangements to ensure they comply with best practice and help deliver the outcomes expected by the Council.

We took the following approach:

- ▶ Reviewed whether there is an effective council, committee and reporting structure in place that enables decisions to be taken whilst engaging Members and the public
- ▶ Confirmed work plans are maintained for the executive/ committees through minute taking and action tracking
- ▶ Reviewed the Annual Governance Statement and confirm that it is compliant with the Code of Corporate Governance
- ▶ Confirmed that members and senior staff possess the appropriate mix of skills and receive any required training and development to fulfil their roles
- ▶ Confirmed if governance arrangements support an appropriate culture and ethos within the Council through policies relating to code of conduct, gifts and hospitality, whistleblowing etc.
- ▶ Confirmed if there is regular review of the performance of the governance structures to identify ways to enhance them for the future.



AREAS OF STRENGTH

- ▶ Key documentation includes the Constitution, scheme of delegation and the Annual Governance Statement. We confirmed these documents are available on the Council's website and are up to date. The Constitution sets out the terms of reference for the executive and non-executive committees and includes the scheme of delegations for the committees
- ▶ We confirmed that all the areas in the corporate plan are covered by the executive and non-executive committees and that they meet and scrutinise decisions and make recommendations to Cabinet. The minutes and reports from the committee meetings are available online for the public to access
- ▶ Mandatory Induction Training for all Members includes: Code of Conduct, GDPR Best Practice, Introduction into Finance, Service Area Market Place, Communications, Modern Governance and IT/IPad Training
- ▶ Budget monitoring and virement reports which are presented to Cabinet along with the Gedling Plan Performance report. The financial reporting information in all instances has been approved by the Chief Financial Officer and the Monitoring Officer
- ▶ We picked a sample of objectives within the corporate priorities in the Gedling Plan (reduce anti-social behaviour, crime and the fear of crime; improve the customer experience of engaging with the Council; provide more homes and promote and protect the environment by minimising pollution and waste and becoming carbon neutral) and followed through the reporting process on the Key Performance Indicators against each of these. We confirmed that Key Performance Indicators were adequately reported against for the five corporate objectives. The reports are published on the Council's website to ensure decision making is transparent
- ▶ Committee meetings are streamed on YouTube and can be viewed by the public through the Council's website. For the meetings we viewed via YouTube ethical and transparent decision making was observed
- ▶ The Annual Governance Statement is compliant with the Code of Corporate Governance
- ▶ We carried out enquires with the Head of Governance and Customer Services to assess whether there had been any non-compliance breaches of the Code of Corporate Governance and it was confirmed that there have been no reports of non-compliance.



AREAS OF CONCERN

- ▶ The induction training skills programme for Members does not define a minimum level of training expected of all Members to conduct their duties. Compliance levels for some training such as Code of Conduct and GDPR for Members per documentation were both below 60% (Finding 1 - Medium)
- ▶ A training skills matrix is not in place for senior management officers or a central record in place for the ongoing monitoring of standard and mandatory training needs (Finding 1 - Medium)
- ▶ The Head of Governance and Customer Services has an obligation to report officers' Gifts and Hospitality to the Council's Senior leadership Team on a quarterly basis. However, we found a quarterly report to the Senior Leadership Team had not been completed in 2021/22 (Finding 2 - Medium)
- ▶ We identified there is not a process in place to encourage committees to undertake a regular reflection of their effectiveness (Finding 3 - Medium)
- ▶ There is currently no centralised process in place for updating policies, and we have established that some service areas may be carrying out policy reviews more regularly than others and a centralised record would assist in the monitoring of the policy review process (Finding 4 - Low).



We include an Appendix outlining the CIPFA self-assessment checklist for committee self-review.



Overall, the Council has moderate controls in place for the management of corporate governance and performance management arrangements. The Council has an effective council, committee and reporting structure which enables decisions to be taken whilst engaging Members and the public. The Council also maintains work plans for the executive and non committees through minute taking.

At present there is inadequate training being delivered which could impact the Council meeting its objectives. Other weaknesses include a lack of reporting to the Senior Leadership Team on Gifts and Hospitality and the lack of a process in place to encourage committees to undertake regular reflection of their effectiveness. This leads us to conclude that the design of controls and control effectiveness is moderate.

RECRUITMENT AND RETENTION AUDIT

CRR REFERENCE:

4. FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAIN INTERNAL CAPACITY

Design Opinion



Moderate

Design Effectiveness



Moderate

Recommendations

0

2

1



SCOPE

BACKGROUND

Recruitment refers to the practice of identifying, attracting and appraising the suitability of applicants in order to find the best candidate for a role, with the requisite skills, at the right time and in a fair way. Retention is the practice of keeping staff happily employed within the organisation by providing a positive work environment and where possible offering progression opportunities. To avoid high turnover of staff and the associated disruption and costs that this causes, it is good practice to build a productive and happy environment for employees, allowing individuals to thrive in their roles.

Gedling Borough Council (the Council) has a total of 433 employees occupying different positions. Currently, the Council advertises jobs on their website. Where job positions require criminal record checks and safeguarding, the Council use Disclosure and Barring Service (DBS) to assess applicants' suitability for positions of trust. The Council aims to comply with the DBS Code of Practice and undertakes to treat all applicants for position fairly.

The HR Team work closely with a number of other services, including Finance and Payroll, to ensure the recruitment process is effective. However, some instances of a lack of communication between services has resulted in issues surrounding retaining pension forms, which sits with payroll and updates on budget for vacant posts, which sits with Finance.

A recruitment and retention review was carried out at the Council by the previous internal auditors in 2020, where substantial assurance was given over the practices. Since then the recruitment process has become increasingly digitised and streamlined.


The purpose of this review was to examine practices to ensure recruitment and retention processes continue to be robust. A further review on Workforce Planning is scheduled for later in 2022 which will focus more closely on retention, therefore this review did not include detailed testing on this.


AREAS REVIEWED


Our approach was to:

- ▶ Review the recruitment and selection policy and employment checks policy. Assess their appropriateness and whether they are fit for purpose
- ▶ Select a sample of new starters employed by the Council between April 2021 to date and determine whether the starter was subject to employment checks. Ensure all checks were reviewed and authorised by an appropriate person within the Council
- ▶ Select a sample of vacancies from April 2021 to date to ascertain whether they have been filled

	<ul style="list-style-type: none"> ▶ Undertake a walkthrough of the recruitment process and create a process flowchart and identify where there are delays within the process ▶ Review the current KPI report and assess confidence in its reporting of the recruitment timeline.
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 AREAS OF STRENGTH	<ul style="list-style-type: none"> ▶ The Council completed all pre-employment checks (references, DBS clearances, right to work, medical and qualification checks) for all new starters identified in our sample ▶ The Council uses a performance management system (Pentana) to report and monitor the progress against KPI's in relation to EDI, satisfaction levels and appraisals. Where performance is not on target, they are reported to SLT in a timely manner to ensure they are well informed and appropriate action is taken ▶ The following policies and procedures are in place at the Council: Recruitment Process Notes, Equal Opportunity Policy, Statement of Flexible Hiring & Flexible Hiring and HR processes.
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 AREAS OF CONCERN	<ul style="list-style-type: none"> ▶ The CF1 form (transfer post) did not contain a checklist for required documents as part of the recruitment process to ensure documents are obtained in a timely manner and one transfer form tested was not completed until four days after the employee began their new role. In addition signed statements of condition and pension forms were not always retained on file (Finding 1-Medium) ▶ The Establishment List maintained by HR details all vacant posts. We sample tested twelve vacancies and found that eight had been vacant for twelve months. We found that the List was not up to date because where changes to budgets meant posts were no longer being recruited for, this was not being communicated to HR. Three of the twelve posts were still vacant twelve months later, however reasonable explanations were provided (see Finding 2-Medium) ▶ The recruitment process notes did not refer to the timescales for offering exit interviews/ surveys and when these should be chased. Where employees leave the Council and decide not to participate in an exit interview or complete the survey the date of this decision is not documented (see Finding 3-Low).
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 CONCLUSION	<p>Whilst the Council has good reporting and monitoring of the KPIs in place, and policies and procedures which outline the expected pre-employment checks for new starters, we have raised two medium and one low finding in relation to a risk around pre-employment checks timeliness and management of long-lasting vacancies on the Establishment List. We therefore conclude an opinion of moderate assurance over both the design and effectiveness of operational controls.</p>
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SECTOR UPDATE

Our monthly NHS briefing summarises recent publication and emerging issues relevant to healthcare providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, non-executive directors and governors.

COST OF LIVING CRISIS

The Local Government Association draws attention to its Cost of Living hub: The rising costs of fuel, food and other essentials are combining with existing disadvantage and vulnerability within our communities to put many households at greater risk of both immediate hardship and reduced opportunity and wellbeing.

Councils and local partners have delivered remarkable services and support and will continue to do what they can to protect people against higher costs, targeting help at those facing the most complex challenges.

But they can't tackle the problem alone. We need to strengthen and maintain a collaborative approach between national and local government and key partners in the private, public and voluntary sectors.

<https://www.local.gov.uk/about/campaigns/build-back-local/cost-living>

Citizen's Advice Bureau has also released a dashboard, giving near real-time insight on the crisis as it unfolds:

<https://wearecitizensadvice.org.uk/our-new-cost-of-living-dashboard-the-crisis-were-seeing-unfold-aac74fb98713>

FOR INFORMATION

For the Audit Committee Members and Executive Directors

GOVERNMENT UNVEILS £110M RURAL PROSPERITY FUND

The government has allocated £110m to the new Rural England Prosperity Fund to support businesses such as farms, wedding venues and pubs.

The fund will be jointly rolled out by the Department for Environment, Food & Rural Affairs and the Department for Levelling Up, Housing & Communities. It is set to be invested in projects to boost productivity and create rural job opportunities. Examples include farm businesses which are looking to open a farm shop, wedding venue or tourism facilities or improvements to rural community hubs such as pubs or village halls.

Investment will also provide capital grants to develop, restore and refurbish local, natural, cultural heritage assets and sites and for the provision of gigabit-capable digital infrastructure at rural community hubs.

The Rural England Prosperity Fund will be delivered by eligible local authorities. Defra and DLUHC say it will give local leaders a greater say in investment than was previously the case under former EU schemes.



GOVERNMENT UNVEILS £110M RURAL PROSPERITY FUND

It will be in addition to the £2.6bn allocated by the government via the UK Shared Prosperity Fund and the new fund will be integrated into the UKSPF. It is a rural top-up for eligible local authorities.

The announcement of the fund coincides with the release of the government's 'Delivering for Rural England' report which sets out how "rural interests will be at the heart of the government's approach to levelling up".

Lord Benyon, the minister for rural affairs said: "We are addressing the rural productivity gap, levelling up opportunities and outcomes, and looking after the rural areas and countryside that so many of us are proud to call home.

"The Rural England Prosperity Fund worth up to £110m recognises the unique strengths and challenges of rural communities, and will support them to invest and grow their economies in line with local priorities."

The prospectus has been published. The submissions window for eligible authorities is expected to be 3 October to 30 November. The government is expected to make decision on funding in early 2023 and councils should receive their first payments in April 2023.

Government unveils £110m Rural Prosperity Fund | Local Government Chronicle (LGC) ([lgcplus.com](https://www.lgcplus.com))

FOR INFORMATION

For the Audit Committee and Executives

DLUHC PULLS BACK FROM PLAN TO APPOINT COMMISSIONERS TO NOTTINGHAM

The Communities Secretary has decided not to appoint commissioners at Nottingham City Council immediately, but has strengthened the powers of its external improvement board.

Greg Clark had been expected to issue a formal intervention of the authority, after the previous secretary of state said he "minded to" do so in June. The external improvement board was appointed in January 2021 following a review into governance issues there sparked by failings in its oversight of its energy company, Robin Hood Energy.

But earlier this year Nottingham found itself in more hot water for unlawful use of Housing Revenue Account expenditure, with independent reports citing "serious historical financial and governance failings" and "cultural failings" at the authority. There has been much speculation that the improvement board's chair Sir Tony Redmond would be made a commissioner.

But instead Mr Clark has given the board statutory powers to compel the council to act on their advice. The council has been issued with new directions, which will remain in force until September 2024, to speed up improvements, and strengthen their approach to longer term budgeting. Its improvement board has been ordered to advise DLUHC in three months whether sufficient progress continues to be made, or whether commissioners should be appointed.

Mr Clark said: "Under Sir Tony Redmond's leadership of the improvement board, working with the council leader, Nottingham City Council has taken important steps to deliver the changes expected by local residents. However, it is clear that more action is needed to ensure the council is able to meet its best value duty. "I have therefore issued directions today that will empower the improvement and assurance board and accelerate improvements at the council."

Nottingham had resisted the attempt to appoint commissioners. In their representation earlier this summer Nottingham's chief Mel Barrett and leader David Mellen (Lab) said that over the last 18 months the council has been "undertaking a comprehensive organisation wide transformation and improvement programme, arising from the need to respond to the failures of governance in relation to Robin Hood Energy". "Cultural change in an organisation takes time, we believe the changes we have made (and will continue to make) show the organisation to be very different to the one it was a few years ago," they said.

This afternoon the city welcomed the government's decision. Council leader, Cllr Mellen, said: "I would like to thank the significant number of partners and stakeholders who wrote to the government in support of the council and the progress we were making. This was acknowledged by the secretary of state who said that he wants to offer help not punishment.

DLUHC PULLS BACK FROM PLAN TO APPOINT COMMISSIONERS TO NOTTINGHAM

“We know there is a lot more work to do but we have demonstrated our determination to address the issues which led to the non-statutory review and I am confident we will continue to work well with the Board to make the progress needed to emerge a better council.”

Mr Barrett added: “We have had a positive relationship with Sir Tony Redmond and the improvement and assurance board and have valued their support and challenge as part of our improvement journey. I have no doubt this will continue as we work together in the interest of providing services in the best possible way for Nottingham residents.

“It is reassuring that government has identified that our Together for Nottingham recovery and improvement plan remains the basis of the council’s required improvement, but we understand the pace of improvement needs to increase and that the plan will need to be reappraised to ensure we continue to head in the right direction.”






Mr Clark’s decision on Nottingham was announced on the same afternoon as [Essex CC was appointed as commissioner](#) over its neighbouring unitary, Thurrock BC. Three other areas are currently undergoing formal intervention; Liverpool, Slough and Sandwell, while Croydon LBC and Peterborough City Council both have advisory improvement panels which report back to the Department for Levelling Up, Housing & Communities.

DLUHC pulls back from plan to appoint commissioners to Nottingham | Local Government Chronicle (LGC) ([lgcplus.com](#))

FOR INFORMATION

For the Audit Committee and Executives

KEY PERFORMANCE INDICATORS

QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit Committee meetings, pre-meetings, and contract reviews have been attended by either the director or audit manager	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	
Quality of Work	We continue to receive largely positive feedback, however we have not received survey responses for all the reviews we have concluded and encourage management to respond so that we can continue to improve	
Completion of audit plan	We are on track with delivering this year's internal audit plan	
Follow-up of recommendations	This is scheduled to be reported at the next Audit Committee.	





SURVEY RESPONSES

Audit Area	Rate our understanding of the Business	Rate our communication	Rate the audit's contribution to adding value	Rate closedown meeting re discussing and agreeing findings	Was the report clear and concise	Agreement with stakeholders obtained prior to distribution	Recommendations constructive and practical?	Did our work add value	Overall audit experience	Would you recommend BDO to others?
22/23	Feedback requested but not yet received									
Recruitment and Retention										
Cyber Security										
Corporate Governance and Performance	3	4	4	4	Agree	Disagree	Agree	Strongly Agree	3	Yes
21/22										
IT Architecture	4	5	5	5	Strongly Agree	Strongly Agree	Strongly agree	Strongly agree	5	Yes
GBC - Main Financial Systems	4	5	4	5	Strongly Agree	Strongly Agree	Strongly agree	Strongly agree	5	Yes
Main Financial Systems	5	4	5	5	Strongly Agree	Agree	Strongly agree	Strongly agree	5	Yes
GBC - Taxi Licencing	4	4	4	4	Strongly Agree	Agree	Agree	Strongly agree	4	Yes
Homelessness & Temporary Accommodation Audit Report	4	5	4	4	Agree	Agree	Agree	Strongly agree	4	Yes
Risk Maturity	4	5	5	5	Strongly Agree	Strongly Agree	Strongly agree	Agree	5	Yes
Health and Safety	3	4	3	4	Agree	Agree	Disagree	Strongly agree	3	Yes
Corporate Project Management	4	4	4	4	Strongly Agree	Agree	Agree	Agree	4	Yes
20/21										
Council Tax and NNDR October 2020	4	5	4	5	Agree	Strongly Agree	Strongly agree	Agree	5	Yes
Sickness Absence and Management	4	5	5	5	Strongly Agree	Strongly Agree	Strongly agree	Strongly agree	5	Yes
Average	4	4.5	4	4.5					4	Yes




As part of our continued aim to deliver exceptional client service, we request the completion of a short satisfaction survey after each audit. Please see above with regards to scores received from the audits completed thus far. We aim to achieve a minimum of 4 on each area on a scale of 1 - 5 with 5 being excellent.

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

GURPREET DULAY

+44 (0)787 055 5214
Gurpreet.Dulay@bdo.co.uk

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GEDLING BOROUGH COUNCIL

INTERNAL AUDIT REPORT

CORPORATE GOVERNANCE AND PERFORMANCE
JUNE 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

EXECUTIVE SUMMARY	2
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DISTRIBUTION

Name	Job Title
Mike Hill	Chief Executive Officer
Alison Ball	Director of Corporate Resources
Francesca Whyley	Head of Governance and Customer Services

REPORT STATUS LIST

Auditors:	Helena Warnett, Assistant Manager Gurpreet Dulay, Director
Dates work performed:	28 April - 24 May 2022
Draft report issued:	16 June 2022
Final report issued:	16 August 2022

EXECUTIVE SUMMARY**LEVEL OF ASSURANCE: (SEE APPENDIX II FOR DEFINITIONS)**

Design	Moderate	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put Some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX II FOR DEFINITIONS)

High	0
Medium	3
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 4**CRR REFERENCE:**

CRR 1- 13

BACKGROUND:

A Council's Code of Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. Robust corporate governance and performance management is the backbone of successful councils.

Gedling Borough Council (the Council) has a Cabinet model with an Overview and Scrutiny Committee as well as statutory committees. The Overview and Scrutiny Committee provides local accountability, allowing councillors who are not members of the Cabinet to examine decisions, policies and services of the authority ensuring they meet the objectives of the organisation.

Local authorities should have a robust governance and performance management framework in place to ensure that it is operating effectively and achieving its statutory duties and its pledges to the community it serves. Good governance is essential in ensuring that councils are effectively prioritising and making sound decisions.

We reviewed the Council's corporate governance arrangements to ensure they comply with best practice and help deliver the outcomes expected by the Council.

GOOD PRACTICE:

The following areas of good practice were identified:

- We carried out an examination of the key documentation which includes the Constitution, scheme of delegation and the annual corporate governance statement and have confirmed that these documents are available on the Council's website and are up to date. The Constitution was updated in March 2022 and sets out the terms of reference for the executive and non-executive committees and includes the scheme of delegations for the committees
- We confirmed that all the areas in the corporate plan are covered by the executive and non-executive committees and that they meet and scrutinise decisions and make recommendations to Cabinet. The minutes and reports from the committee meetings are available online for the public to access
- Mandatory Induction Training for all Members includes: Code of Conduct, GDPR Best Practice, Introduction into Finance, Service Area Market Place, Communications, Modern Governance and IT/IPad Training
- We carried out a review of the financial reporting information to ensure that it is regular and robust through verification of the information and discussions with the Head of Finance and ICT. We reviewed the budget monitoring and virement reports which are presented to Cabinet for quarter one 5 August 2021, quarter two 4 November 2021 and quarter 3 27 January 2022 along with the Gedling Plan Performance report. The financial reporting information in all instances has been approved by the Chief Financial Officer and the Monitoring Officer
- We obtained the quarter one to three reports which the Performance and Projects Officer uses to monitor progress made against the Gedling Plan's corporate priorities. We picked a sample of objectives within the corporate priorities in the Gedling Plan (reduce anti-social behaviour, crime and the fear of crime; improve the customer experience of engaging with the Council; provide more homes and promote and protect the environment by minimising pollution and waste and becoming carbon neutral) and followed through the reporting process on the Key Performance Indicators against each of these. We confirmed that Key Performance Indicators were adequately reported against for the four corporate objectives. The reports are published on the Council's website to ensure decision making is transparent
- We viewed two Committee meetings which took place in 2022 that were streamed on YouTube. We have confirmed that all committee meetings are streamed on YouTube and can be viewed by the public through the Council's website. For the meetings we viewed via YouTube, we have confirmed that the meetings indicated ethical and transparent decision making
- Through discussions with the Head of Governance and Customer Services and a thorough review of the Annual Governance Statement and the Code of Corporate Governance we can confirm that the Annual Governance Statement is compliant with the Code of Corporate Governance
- We carried out enquires with the Head of Finance and ICT to assess whether there had been any non-compliance breaches of the Code of Corporate Governance and it was confirmed by the Head of Finance and ICT there have been no reports of non-compliance.

KEY FINDINGS:

- The induction training skills programme for Members identified the name of the training course required to be completed, the attendees register, the date training was/is due to be delivered and the responsible trainer however, the skills programme does not define a minimum level of training expected of all Members to conduct their duties. Furthermore, compliance levels for some training such as Code of Conduct and GDPR for Members per documentation were both below 60% (Finding 1 - Medium)
- There is not a training skills matrix in place for Senior Management officers or a central record in place for the ongoing monitoring of standard and mandatory training needs (Finding 1 - Medium)
- The Head of Governance and Customer Services has an obligation to report officers Gifts and Hospitality to the Councils Senior leadership Team on a quarterly basis. However, we found a quarterly report to the Senior Leadership Team had not been completed in 2021/22 (Finding 2 - Medium)
- In our review, we identified there is not a process in place to encourage committees to undertake a regular reflection of their effectiveness (Finding 3 - Low)
- There is currently no centralised process in place for updating policies, we have established that some service areas may be carrying out policy reviews more regularly than others and a centralised record would assist in the monitoring of the policy review process (Finding 4 - Low).

CONCLUSION:

Overall, the Council have moderate controls in place for the management of corporate governance and performance management arrangements. The Council have an effective council, committee and reporting structure which enables decisions to be taken whilst engaging Members and the public. The Council also maintain work plans for the executive and non committees through minute taking. At present there is inadequate training delivered which could impact the Council meeting its objectives. Other weaknesses include a lack of reporting to the Senior Leadership Team on Gifts and Hospitality and the lack of a process in place to encourage committees to undertake regular reflection of their effectiveness. This leads us to conclude that the design of controls and control effectiveness is moderate.

DETAILED FINDINGS

RISK: MEMBERS AND SENIOR STAFF DO NOT POSSESS THE APPROPRIATE MIX OF SKILLS AND DO NOT RECEIVE ANY REQUIRED TRAINING AND DEVELOPMENT TO FULFIL THEIR ROLES

Ref	Significance	Finding
1	Medium	<p><u>Member training</u></p> <p>Members are required to make decisions on a wide range of issues. They also come from a wide variety of backgrounds and experiences and collectively bring a wide pool of knowledge and skills to the Council. An effective learning and development plan aims to ensure elected Members can develop their knowledge and skills to help the Council achieve its objectives for the benefit of the community.</p> <p>A training skills matrix is a document which is used by an organisation to plan and track training skills which are linked to specific tasks to complete and carry out specific skills to fulfil an individual's role.</p> <p>We examined the training programme and found:</p> <ul style="list-style-type: none"> • It identified the name of the training course required to be completed, the attendees register, the date training was/is due to be delivered and the responsible trainer however, the programme does not define a minimum level of training expected of all Members to conduct their duties • There are no references within the training programme highlighting specific areas which require additional training or further training. This could assist the Committees training courses for the year and could then link to a training log and the training opportunities provided to committee members • Members have not completed Corporate Governance training since 2018/19. <p>Through our enquires we have established that there is a training programme in place as part of a Council Members' Induction process, however the training skills matrix is not an ongoing document which is updated at regular intervals.</p> <p>We have confirmed that there is a standard suite of member training which is compiled by management without direct liaison with Members. Members are required to carry out this training following their election. Members are not permitted to sit on a Committee until they have passed their training and it has been signed off by the Head of Governance and Customer Services. Members would also be required to complete training if they move to another Committee.</p> <p>Following Members' initial training post-election, we understand that regular ongoing training is not completed at set intervals and areas such as Code of Conduct training will not be as up to date as it should be in order to ensure members are appropriately equipped with up-to-date knowledge and skills when making decisions.</p>

As part of the review we asked for Member attendance records for training. What we found from reviewing these documents was:

- Whilst the Council have signed attendance records, this is not centrally compiled on a document to allow quick access to confirm levels of compliance
- It is also not clear from the attendance records which Members the training is applicable to. However, some training such as Code of Conduct which we would expect is applicable to all 41 members. From review of records provided the training delivered for the latest session is signed as attended by 24 out of 41 Members (58%). We do recognise that there may be mitigations ie. a Member has previously completed the training and therefore it may not be applicable to re-attend. However, Council records do not record this and agree with the mitigation as it may be argued that it is mandatory for all Members irrespective of their previous attendance
- For GDPR training which may be considered applicable to all Members has been documented as attended by 21 of the 41 members and therefore has a compliance rate of (51%).

There is a risk that Members are not appropriately equipped with up-to-date knowledge and skills when making decisions, which could lead to the Council not being able to achieve its objectives for the benefit of the local community. We recognise that some Members are long-standing and may previously have had some training, or also serve as a County Councillor and may have had training elsewhere but this is not recorded by the Council.

Senior management training

Senior Managers within the public sector are statutory managers who have responsibilities for coordinating activities in functional departments, organising the management of resources within the organisation and managing the demands of stakeholders through the board of directors.

Through our enquires we have established that:

- There is not a training skills matrix in place for Senior Management officers. We acknowledge that training is monitored through the Personal Development Review process which is conducted annually with each Council employee. Any gaps in training are identified during these annual meetings.

Through our enquires we understand that Senior Managers are required to undertake a suite of induction training following their appointment to their job role at the Council. Managers have responsibility for monitoring training compliance via a training tick list which they have to ensure is completed before a Senior Manager can adequately undertake their job role.

Following the initial suite of induction training for Senior Managers, it has been confirmed through interview that training needs are not

rolled out at regular intervals, the process the Council follows is for any training gaps to be identified at the annual Personal Development Review process.

It is accepted through discussions with the Head of Governance and Customer Services that gaps in Senior Management training could result in managers not being equipped with up-to-date knowledge and skills which will enable them to get the best performance from their employees.

There is a risk that without regular training managers will not be able to get the best performance from their employees, have the ability to respond to issues quickly, improve communications with internal and external stakeholders and pass on mandatory skills to any successors to their current job role.

RECOMMENDATION:

- A) The Council should devise an ongoing training skills programme for Members which is regularly updated and reported to appropriate officers.

The training skills programme for Members should include:

- The specific skills set members are required to have to successfully complete Members mandatory training courses
- A requirement of the skills required by the Committees to evidence the specific skills Members are required to demonstrate to fulfil their job role
- The minimum requirement skill level of competency to complete Member training courses
- References within the training skills programme which highlight specific areas which require additional training or further training, this could assist the Committees training courses for the year and could then link to a training log and the training opportunities provided to committee members
- The date the training was last attended by a Member which is quickly accessible.

- b) The Council should devise a Corporate Governance training programme which is regularly updated to ensure that Senior Managers have the skills required to fulfil their job roles.

MANAGEMENT RESPONSE:

It is accepted that Member and Senior Officer training has lapsed over the last two years, largely due to resources being deployed in the Covid-19 response, although the pandemic did see the development of some positive training methods, particularly in relation to remote GDPR training for officers.

Whilst training needs are identified for staff through PDRs, an ongoing programme/matrix of Corporate Governance training for Senior Managers, is a recommendation which would assist in the development of Senior management, particularly given recent changes in management structure.

Similarly, member Training, whilst focused around induction following election mainly, should be ongoing and a more structured approach to this would be useful. New management in Democratic Services has also provided an opportunity for review of member training practices and records and the recommendation will assist in progressing this.

In terms of timings, given the impending election in 2023, it may be that this provides the opportunity for a new induction training suite for members.

Responsible Officer:

Francesca Whyley

Implementation Date:

31 December 2022

RISK: GOVERNANCE ARRANGEMENTS DO NOT SUPPORT AN APPROPRIATE CULTURE AND ETHOS WITHIN THE COUNCIL, THROUGH POLICIES RELATING TO CODE OF CONDUCT, GIFTS AND HOSPITALITY, WHISTLEBLOWING ETC.

Ref	Significance	Finding
2	Medium	<p><u>Gifts and hospitality</u></p> <p>Members of staff may on occasion be offered gifts or hospitality as a mark of courtesy or gratitude. Such offers can place staff in a difficult position, since to refuse may cause offence, but to accept may, in certain circumstances, may create a conflict of interest.</p> <p>The Councils Approved Gifts and Hospitality Code of Practice for Members and Officers 2019 states that “regarding Officers, Section 117(2) of the Local Government Act 1972 provides that an Officer of a Local Authority shall not, under the colour of his or her office of employment, accept any fee or reward whatsoever other than his or her proper remuneration. The expression ‘any fee or reward’ includes such things as unauthorised commissions, gifts or presents. Any person who contravenes this commits a criminal offence and is liable to disciplinary proceedings. Exceptions to this rule would include modest gifts of a promotional character, including such things as calendars, diaries, articles for use in the office, etc, or a small gift of low value on the conclusion of a courtesy visit to a factory or firm”.</p> <p>The Head of Governance and Customer Services has an obligation to report Officers Gifts and Hospitality to the Councils Senior Leadership Team on a quarterly basis.</p> <p>We have established that there is a log of Gifts and Hospitality which is kept up to date.</p> <p>We found:</p> <ul style="list-style-type: none"> A quarterly report to Senior Leadership Team had not been completed in 2021/22 from the 1 April 2021 to 31 March 2022. <p>The risk of not reporting officers’ Gifts and Hospitality is an officer’s integrity could be brought into question by the acceptance of gifts and hospitality. The Code is reproduced in full in the Constitution. Failure to comply with the Code may be taken as evidence of maladministration by the Ombudsman on complaint being made or form the basis of a code of conduct complaint.</p>

RECOMMENDATION:

The Head of Governance and Customer Services should ensure officers Gifts and Hospitality are reported to the Councils Senior Leadership Team on a quarterly basis as per the Council Gifts and Hospitality Policy and to ensure that the Local Code of Corporate Governance upholds its commitment to Core Principle A ‘behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law’.

MANAGEMENT RESPONSE:

It is accepted that quarterly reporting to SLT should be undertaken. The register is available electronically and is therefore accessible to SLT at all times. It should also be noted that whilst quarterly reports were not maintained in 2021/22, an annual report was taken to Senior Leadership team in June 2022, as was an annual report to Standards Committee, so whilst reporting was not done with the regularity it should have been, there was an annual review undertaken.

Responsible Officer:
Francesca Whyley

Implementation Date:
30 September 2022

RISK: PERFORMANCE OF GOVERNANCE STRUCTURES IS NOT REGULARLY REVIEWED AND DOES NOT IDENTIFY ACTIONS FOR CONTINUOUS IMPROVEMENT.

Ref	Significance	Finding
3	Medium	<p><u>Self-assessment of committee effectiveness</u></p> <p>As part of a continuous improvement and in line with their terms of reference and the Council's constitution, committees are required to undertake periodic self-assessments facilitated by the Chair of the particular committee.</p> <p>It is a requirement of committee Terms of Reference to conduct self-assessments. We have established that self-assessments of committees are not taking place. This process has been impacted due to the Council not maintaining a central log of the last date self-assessments were undertaken and when they are next due to ensure they occur regularly and timely.</p> <p>We reviewed the Council Meetings, Minutes and Agendas for the Council, Cabinet, Overview and Scrutiny, Standards, Environment and Licensing, Planning, Appeals and Retirement, Joint Consultative and Safety and the Audit Licensing Act Panel and Committees along with the Gedling Youth Council for March to May 2022.</p> <p>There is a risk that opportunities for improvement are not appropriately identified and addressed, leading to committees that do not fully contribute to effective monitoring and oversight at the Council.</p>

RECOMMENDATION:

The Council should devise a set of questions that support self-assessment by committees either on an ongoing basis as part of their meetings, or as part of an annual process. Key questions could include:

- Did we receive all the relevant information we needed to discuss agenda items?
- If not, where are the gaps in information?
- Did we have enough time to discuss all agenda items?
- What strengths can we identify?
- Are we satisfied that all actions have been appropriately completed and followed up?
- How do we know/what evidence do we have that sustainable change has been implemented following decision-making?
- Is there full levels of committee wide engagement from meeting participants which is evidenced through the meeting minutes?

We have also included a template assessment from CIPFA in Appendix I for consideration by the Council.

MANAGEMENT RESPONSE:

This is a helpful recommendation and one that the Council will certainly look to implement. It is useful for officers and members to reflect on the effectiveness of Committees,

particularly as we move towards an election and potentially, new members coming into the committees.

Responsible Officer:
Francesca Whyley

Implementation Date:
31 March 2023 to
implement the process
and then to conduct self
assessments by 31 March
2024

RISK: PERFORMANCE OF GOVERNANCE STRUCTURES IS NOT REGULARLY REVIEWED AND DOES NOT IDENTIFY ACTIONS FOR CONTINUOUS IMPROVEMENT.

Ref	Significance	Finding
4	Low	<p><u>Policies</u></p> <p>Effective policies and procedures are living documents that must grow and adapt with an organisation. While the core elements and the intent of the policy will likely remain the same, keeping people, equipment, assets, and information safe will need to adapt to changes within the organisation.</p> <p>We carried out a review of the key policies which relate to Corporate Governance which include the Whistleblowing Policy which was adopted in 2020, and the Gifts and Hospitality Policy which were last updated in 2019. Whilst we acknowledge it is not a requirement to update policies on an annual basis and therefore except that the policies are within date, we have noted that there is a reasonable time period between reviews.</p> <p>We found:</p> <ul style="list-style-type: none"> • There is currently no centralised process in place for updating policies • From discussions with the Head of Governance and Customer Services we established that some service areas may be carrying out policy reviews more regularly than others and a centralised record would assist in the monitoring of the policy review process. <p>We acknowledge that the Chief Executive of the Council is currently in the process of putting together a centralised checker for all policies so their review can be monitored and therefore have raised this as a low rather than a medium finding.</p> <p>There is a risk that not carrying out a regular review of policies could lead to outdated policies within an organisation. Outdated policies may fail to comply with new laws and regulations. They may also fail to address new systems or technology, which can result in inconsistent practices.</p>

RECOMMENDATION:

The Council should continue putting together a centralised checker for all policies so their review can be monitored at regular intervals eg. annually and ensure that the centralised checker is circulated to all appropriate officers for regular review.

MANAGEMENT RESPONSE:

This recommendation is accepted to ensure policies remain fit for purpose.

Responsible Officer:
Francesca Whyley

Implementation Date:
30 September 2022

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
Francesca Whyley	Head of Governance and Customer Services
Alan Green	Head of HR Performance and Service Planning
Alison Ball	Director of Corporate Resources and Section 151 Officer

APPENDIX I - CIPFA COMMITTEE SELF-ASSESSMENT

Ref.	Statement	1 - Strongly Disagree	2	3	4	5 - Strongly Agree
1	Goals or Purpose of Committee					
A	All committee members understand the goals and purpose of our committee					
B	The committee members agree on the goals and purpose of the committee					
C	There is alignment between our goals and purpose and the actions taken and/or the decisions made by the committee					
2	Support for the Committee					
A	Our committee has adequate resources (for example, budget, people) to support its function					
B	Our committee has the respect and support of key stakeholders within our organization					
3	Time and Location of Meetings					
A	Our meetings are held regularly and with appropriate frequency					
B	Our meetings begin and end as scheduled					
C	The length of our meetings is appropriate and respectful of the agenda					
D	We receive the meeting agenda and materials in advance of the meeting to allow for appropriate review and preparation					
E	We consistently use our meeting time well. Issues get the time and attention proportionate to their importance					
F	The location where our meetings are held is conducive to positive group interaction and discussion					
4	Attendance					
A	Attendance at our meetings is consistent and members arrive on time					
B	Attendance at our meetings is evaluated as a criterion for continued membership on the committee					
5	Recording / Minutes					
A	The minutes of our meetings are accurate and reflect the discussion, next steps and/or action items articulated by the members					
6	Membership					
A	Our membership represents the talent and skill set required to fulfil the goals and purpose of the committee					

B	Our members treat each other with respect and courtesy					
C	Our members come to meetings prepared and ready to contribute					
D	As a general rule, when I speak I feel listened to and that my comments are valued					
N7	General Comments					
A	What works well in the meetings					
B	What I would like to see improve at our meetings					
C	What areas should the committee focus on in the future?					

APPENDIX II - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX III - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this audit is to review the Council's corporate governance arrangements to ensure they comply with best practice and help to deliver the outcomes of the organisation required by the Borough.

KEY RISKS:

- There is an ineffective council, committee and reporting structure in place which does not enable decisions to be taken whilst engaging Members and the public
- Work plans are not maintained for the executive/committees through minute taking and action tracking
- Members and senior staff do not possess the appropriate mix of skills and do not receive any required training and development to fulfil their roles
- Governance arrangements do not support an appropriate culture and ethos within the Council, through policies relating to code of conduct, gifts and hospitality, whistleblowing etc.
- Performance of governance structures is not regularly reviewed and does not identify actions for continuous improvement.

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Review whether there is an effective council, committee and reporting structure in place that enables decisions to be taken whilst engaging Members and the public
- Confirm work plans are maintained for the executive/ committees through minute taking and action tracking
- Review the Annual Governance Statement and confirm that it is compliant with the Code of Corporate Governance
- Confirm that members and senior staff possess the appropriate mix of skills and receive any required training and development to fulfil their roles
- Confirm if governance arrangements support an appropriate culture and ethos within the Council through policies relating to code of conduct, gifts and hospitality, whistleblowing etc.
- Confirm if there is regular review of the performance of the governance structures to identify ways to enhance them for the future.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks. We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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GEDLING BOROUGH COUNCIL

FINAL INTERNAL AUDIT REPORT

RECRUITMENT AND RETENTION
SEPTEMBER 2022

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate

EXECUTIVE SUMMARY	2
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DISTRIBUTION

Mike Hill	Chief Executive Officer
Alison Ball	Director of Corporate Resources
David Archer	Head of HR, Service Performance Planning

REPORT STATUS LIST

Auditors:	Kira Decabo - Auditor Charlotte Thomas - Assistant Manager Gurpreet Dulay - Director
Dates work performed:	June 2022
Draft report issued:	26 th June 2022
Final report issued:	6 th September 2022

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	2
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 3

CRR REFERENCE:

CRR 4 - FAILURE TO RECRUIT AND RETAIN STAFF AND MAINTAINING INTERNAL CAPACITY.

BACKGROUND:

Recruitment refers to the practice of identifying, attracting and appraising the suitability of applicants in order to find the best candidate for a role, with the requisite skills, at the right time and in a fair way. Retention is the practice of keeping staff happily employed within the organisation by providing a positive work environment and where possible offering progression opportunities. To avoid high turnover of staff and the associated disruption and costs that this causes, it is good practice to build a productive and happy environment for employees, allowing individuals to thrive in their roles.

Gedling Borough Council (the Council) has a total of 433 employees occupying different positions. Currently, the Council advertises jobs on their website. Where job positions require criminal record checks and safeguarding, the Council use Disclosure and Barring Service (DBS) to assess applicants' suitability for positions of trust. The Council aims to comply with the DBS Code of Practice and undertakes to treat all applicants for position fairly.

The HR Team work closely with a number of other services, including Finance and Payroll, to ensure the recruitment process is effective. However, where communication between services is broken it has resulted in issues surrounding retaining pension forms, which sits with payroll and updates on budget for vacant posts, which sits with Finance.

A recruitment and retention review was carried out at the Council by the previous internal auditors in 2020, where substantial assurance was given over the practices. Since then the recruitment process has become increasingly digitised and streamlined.

The purpose of this review was to examine practices to ensure recruitment and retention processes continue to be robust.

GOOD PRACTICE:

The following areas of good practice were identified:

- The Council have completed all pre-employment checks (references, DBS clearances, right to work, medical and qualification checks) for all new starters identified in our sample
- The Council use a case management system (Pentana) to report and monitor the progress against KPI's in relation to EDI, satisfaction levels and appraisals. Where performance is not on target, they are reported to SLT in a timely manner to ensure they are well informed and appropriate action is taken
- The following policies and procedures are in place at the Council, Recruitment Process Notes, Equal Opportunity Policy, Statement of Flexible Hiring & Flexible Hiring and HR processes.

KEY FINDINGS:

- The CF1 form (transfer post) did not contain a checklist for required documents as part of the recruitment process to ensure documents are obtained in a timely manner (see Finding 1-Medium)
- The Establishment List which details all vacant posts at the Council was not up to date following the changes to budgets that Finance monitor (see Finding 2-Medium)
- The recruitment process notes did not refer to the timescales for offering exit interviews/ surveys and when these should be chased. Where employees leave the Council and decide not to participate in an exit interview or complete the survey the date of this decision is not documented (see Finding 3-Low).

CONCLUSION:

Whilst the Council has good reporting and monitoring of the KPI's in place, and policies and procedures which outline the expected pre-employment checks for new starters, we have raised 2 medium and 1 low finding in relation to a risk around pre-employment checks timeliness and management of long lasting vacancies on the Establishment List.

DETAILED FINDINGS

RISK: STAFF ARE EMPLOYED WITHOUT PROPER AUTHORISATION AND CREDENTIALS OF NEW EMPLOYEES ARE NOT CHECKED BEFORE THEY ARE OFFERED EMPLOYMENT

Ref	Significance	Finding
1	Medium	<p>There were 67 new starters that joined the Council between April 2021 to April 2022. We reviewed a sample of five of these, of which two were transfer posts (internal) and three were new starters (external). Whilst all pre-employment checks had been carried out, we identified exceptions in relation to the recording of these checks.</p> <p>A transfer post is when an employee is already employed by the Council and is transferred to another position. For these transfer posts, a CF1 form which details the checks completed and their approval dates is required prior to the new start date. In addition, a signed statement of conditions which details the terms of the employment and whether the new post requires an additional DBS is recorded; this is then obtained and noted on the CF1 form.</p> <p>A new starter (external) requires an NE1 form which details the checks completed and their approval dates prior to the start date. New starters (external) require all checks outlined in the CF1 form with the addition of a right to work check, qualifications evidence, references and a medical check as they are new to the Council.</p> <p>We sought to verify that pre-employment checks were completed and retained prior to their appointment date. We found the following:</p> <ul style="list-style-type: none"> • In both samples checked for the transfer posts (internal) they did not have a signed statement of conditions retained on file • Three of the five new starters did not have a PEN1 form (pension form) retained on file. <p>In addition, we found that one of the two transfer posts (internal), the CF1 form (starter form) was completed 4 days after the appointment. Although our testing found this did not have any consequential issues, we observed a hypothetical risk if these forms are not completed which could result in the additional DBS and medical checks not being completed in a timely manner.</p> <p>In discussions with the HR manager and review of the new starter form for transfer posts (internal) and new starters (external), we identified that the transfer starter forms do not detail a check list which enables the team to track which checks have been completed and documents where information has not been returned and approved.</p> <p>If staff are employed without the proper pre-employment checks which are authorised and retained on file, there is a risk that the new starters are employed without proper credentials and ambiguity surrounding their joining details and terms of their employment.</p>

RECOMMENDATION:

- a) The CF1 form should be updated to include a checklist of required documents, timescales of what has been received and when a reminder has been sent
- b) Pension forms should be chased in a timely manner and ensure that a copy is saved on the employees' personal file
- c) Statement of conditions should be completed and maintained on file for transfer posts
- d) The signed statement of conditions and PEN1 form should be obtained for the sample above as well as for any new starters going forward.

MANAGEMENT RESPONSE:

The recommendation to introduce an appropriate document and process checklist for CF1 transfers is supported. This work will require changes to internal process and documentation.

Responsible Officer: Head of HR, Performance and Service Planning

Implementation Date: 31/12/22

RISK: THE RECRUITMENT PROCESS IS NOT EFFICIENT LEADING TO HIGHER VACANCY LEVELS AND INCREASED USE OF AGENCY STAFF

Ref	Significance	Finding
2	Medium	<p>HR maintain an Establishment List which is updated to include all vacant posts, and should a post be filled, the individual's details are added. The Establishment List is reported to SLT. We selected a sample of 12 vacant posts to ascertain if the posts have been filled. We compared the March 2021 Establishment List with that of April 2022 and of the 12 selected and eight were still showing as vacant. The list is generated from the data contained in the HR/Payroll system.</p> <p>Discussions with the HR manager identified that there was no longer budget for five of the eight vacant posts and therefore they should not be on the Establishment List. However, unless Finance inform HR that the budget has been removed then the Establishment List is not updated.</p> <p>Three of twelve posts have been vacant for a year, these are as follows:</p> <ul style="list-style-type: none"> • Customer Services Advisor • Electoral Registration Assistant • Parks & St Care Semi-Skilled Team Worker. <p>Discussions with the HR manager identified that they are currently going through a Council wide restructure and therefore two of the three posts still vacant are due to the posts currently being on-hold whilst the Head of Service writes the restructure report. For one of the three posts we found that they are only required on a casual basis and therefore only used when there is an election to support the admin team.</p> <p>If HR are not able to maintain a central and updated Establishment List, there is a risk that data reported to the Senior Leadership Team on vacant posts is not an accurate reflection of the Council's current position in relation to how many posts have been filled and whilst are no longer truly 'vacant' due to budget being removed.</p>

RECOMMENDATION:

The Establishment List should be sent to Finance at least on a quarterly basis to enable them to update HR on which budgets have been removed to ensure the Establishment List remains up to date.

MANAGEMENT RESPONSE:

The recommendation for improved communication between Finance and HR to ensure that the Establishment reflects budgetary reality is supported. Being conscious of already high workloads in teams and recognising that once the first initial "trawl" of data has been conducted to remove posts no longer budgeted for, the rate of future change is likely to be slow then it is suggested that perhaps a six-monthly check might be more achievable.

Responsible Officer: Head of HR, Performance and Service Planning

Implementation Date: Commence September 2022 then six-monthly thereafter.

RISK: THE EMPLOYEE RETENTION ACTIONS AND PROCESSES FAIL TO ADDRESS THE ROOT CAUSES OF EMPLOYEES LEAVING THE COUNCIL

Ref	Significance	Finding
3	Low	<p>The Council has recruitment process notes in place. On review of this guidance, we identified that the steps for processing a leaver did not detail the timescales for HR completion and whether it should be evidenced if a leaver decides not to participate in an exit interview/complete an exit survey. What we have identified as good practice across the sector to be in place for example, is that once an employee hands their notice in and the leavers process is initiated an exit interview is offered and exit survey is sent. If HR do not receive a response to either request an automatic system reminder is sent to the leaver 10 days after the initial request, following which if there is no response HR should confirm with the leaver that they do not wish to participate in an exit interview or complete the survey. The date this information is confirmed should then be added to the leaver's file. This ensures the leaver is given ample opportunity to give their feedback on their time at the Council prior to their departure.</p> <p>We reviewed five leavers since April 2021 and found that although all leavers were offered an exit meeting and survey, no leavers participated in either.</p> <p>As added value, a benchmarking exercise was carried out to review how other local authorities process leavers in way that enables them to ascertain why employees are leaving the Council. We identified another Council which had a similar challenge about low response rates to exit interviews/the completion of exit survey. This council implemented a Retention Strategy for all employees in the Council. Interim interviews were set up by individual line managers every three months to understand staff concerns, promote initiatives and make staff feel their opinions are valued. This meant if a leaver did not want to participate in an exit interview or complete the exit survey they could draw on the information from the retention interviews.</p> <p>If employees are not further encouraged to participate in exit interviews and complete the survey, there is a risk that the Council cannot identify the root cause of employees leaving and therefore take appropriate actions to mitigate against this risk.</p>

RECOMMENDATION:

- a) The HR system should be reviewed to identify if automatic emails can be sent to leavers reminding them of the leaver survey. This will ensure that the leaver is given every opportunity to give their opinions and allow HR to identify employee trends for leaving the Council
- b) The Council may wish to consider implementing a similar Retention Strategy as identified as part of our benchmarking in the Finding.

MANAGEMENT RESPONSE:

Recommendation a) is supported

Work to identify whether this possibility will be included in next year's service plan. Should this be a possibility then a plan for delivery will be worked up from there.

Recommendation b)

Currently the Council conducts annual PDRs and a biennial employee satisfaction survey. The results from these will contribute to support and potentially retention at an individual level (PDR) and more globally at a team or corporate level where other issues with commonality are raised through the employee survey. Arguably the organisation is not resourced to effectively undertake a quarterly review of its workforce as described in the recommendation. If recommendation b) does prove to be possible then an improved rate of return would improve information about leaver reasons. Turnover rates are currently not consistently high and as such additional analysis has not been undertaken.

Responsible Officer: Head of HR, Performance and Service Planning

Implementation Date: a) Commence April 23; complete 30 June 2023
b) Commence April 23; complete 30 September 2023

OBSERVATIONS

APPRAISAL RATE

It was not within the scope of this audit to complete testing on the appraisal rate at the Council. However it was noted during testing of management information and reporting that the appraisal completion rate at the Council for 2021/22 was 20.3%. Some service areas obtained 100% completion rates, but the overall average was brought down by particular service areas where senior management positions had been vacant, coupled with operational issues (for example, the implementation of the council tax rebate scheme) which had required significant capacity. Discussions with the Head of HR identified that the appraisal rate had been reported to SLT in June 2022 to identify what actions to take to ensure the response rate improves. Regular and formal appraisals are critical for promoting retention in staff, and whilst we accept circumstances have been challenging for the Council in 2021/22, the Council may wish to consider developing a contingency plan for completing appraisals in future if similar situations were to occur.

EXIT INTERVIEWS

Discussions with the HR manager identified when staff do not want to take part in an exit meeting it is not formally noted anywhere and just appears as 'N/A' next to date of exit meeting. We noted that HR are aware of employee's reasons for leaving based on discussions however, this is not formally documented anywhere and therefore trend and patterns cannot be identified. We acknowledge that chasing leavers to confirm if they do not wish to take part in an exit interview/ survey is an additional process to an already stretched service, however this could be a way of strengthening the Council's existing leavers process.

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
David Archer	Head of HR, Performance and Service Planning
Andrea Snodin	HR Manager
Rebecca Dearlove	Assistant Personnel Officer

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

We will review the Council's current recruitment processes and assess the procedures from identifying the need and skills required and approving the requirement to recruit through the review/approval stages to a new starter/joiner to ensure their efficiency.

KEY RISKS:

- Staff are employed without proper authorisation and credentials of new employees are not checked before they are offered employment
- The employee retention actions and processes fail to address the root causes of employees leaving the Council
- The recruitment process is not efficient leading to higher vacancy levels and increased use of agency staff
- There are no recruitment and retention guidance or policies in place at the Council
- There is insufficient scrutiny and understanding of key data metrics such as appraisal rates, vacancy levels, and the reason for movement.

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Review the recruitment and selection policy and employment checks policy. Assess their appropriateness and whether they are fit for purpose
- Select a sample of new starters employed by the Council between April 2021 to date and determine whether the starter was subject to employment checks. Ensure all checks were reviewed and authorised by an appropriate person within the Council
- Understand the work that is being undertaken by the Council to address the root causes of employees leaving the Council's employment
- Select a sample of leavers from April 2021 to date and determine whether exit interviews were undertaken, or a survey was sent out to them and reasons for leaving was determined
- Select a sample of vacancies from April 2021 to date to ascertain whether they have been filled
- Undertake a walkthrough of the recruitment process and create a process flowchart and identify where there are delays within the process
- Review the current KPI report and assess confidence in its reporting of the recruitment timeline.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

CRR REFERENCE:

CRR 4 - Failure to recruit and retain staff, and maintaining internal capacity.

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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Report to Audit Committee

Subject: Corporate Risk Management Scorecard Quarter 1 2022/23

Date: 20 September 2022

Author: Head of Finance and ICT

1. Purpose of the Report

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

Recommendations:

That Members:

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

2. Background

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

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

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

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

3. Corporate Risk Register

This 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 June 2022 are appended to this report, and this includes a summary of all control gaps currently identified on the Council's Corporate Risk Register.

The last update of the Corporate Risk Scorecard was presented to Audit Committee on 28 June 2022 which provided the 2021/22 quarter 4 position.

Members are fully aware of the risks arising from the national outbreak of the coronavirus, Covid-19 which have been fully reported to all Members of the Council including the budget and performance reports, the Annual Governance Statement and previous Risk Management Scorecard reports to this Committee. The impact is ongoing and, as at quarter 1, is reflected in the risk register.

4. Financial Implications

None arising directly from this report.

5. Legal Implications

None arising directly from this report.

6. Equalities Implications

None arising directly from this report.

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report.

8. Appendices

Appendix 1 - Corporate Risk Register Monitoring – Quarter 1, Period Ending 30 June 2022

Appendix 2 - Risk Management Scoring Matrix

Statutory Officer Approval

Approved by: Chief Financial Officer
Date: September 2022

Approved by: Monitoring Officer
Date: September 2022

Appendix 1 - Corporate Risk Register Monitoring – Quarter 1 – Period Ending 30 June 2022

1	<p>FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: RED – INCREASE in current risk level from B1 (low likelihood, negligible impact) to D3 (high likelihood, serious impact)</p> <p>Definition:</p> <p><i>Shorter term implications of overspending budgets or not collecting as much income as forecasted. This can cause adverse impact on Council balances.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Although a projected underspend of £46.5K for 2022/23 was reported at Quarter 1, this was influenced by a number of one-off items and did not fully reflect emerging issues that cannot yet be quantified such as the impact of increasing inflation and any agreed April 2022 pay award.</p> <p>The proposed April 2022 pay award, in particular, is significantly in excess of the budgeted sum with an estimated cost in excess of £950K as opposed to a budget of almost £420K. Whilst the Council has established an Inflationary Pressures Contingency Reserve with a current balance of approximately £300k, the final agreed April 2022 pay award along with other pressures will require budget savings to be achieved if they can be accommodated without the use of reserves.</p> <p>Consideration of these factors has resulted in the conclusion that it is appropriate at this stage to increase the risk level.</p>
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Actions completed during quarter 1:

- 2021/22 revenue and capital outturn report (including carry forward requests) prepared for presentation to Cabinet on 6 July 2022 along with the Treasury Activity 2021/22 report.
- 2022/23 Quarter 1 budget monitoring position prepared for presentation to Cabinet on 4 August 2022.

Actions outstanding:

- Continue to capture details of impact of increasing inflation and interest rates upon Council expenditure and income and reflect significant items in the 2022/23 Quarter 2 Budget monitoring report to Cabinet on 3 November 2022.
- Assess financial implications of the final approved April 2022 pay award and determine how this is to be financed.

2	<p>FAILURE TO MAINTAIN FINANCIAL INTEGRITY</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: RED – NO CHANGE to current risk level (maintained at E4 very high likelihood/major impact £500k to £1m).</p> <p>Definition:</p> <p><i>Affecting the ability of the Council to meet its financial commitments in the longer term.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Critical - £1m+</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The main financial risk issues as detailed in the 2021/22 quarter 4 report continue to be relevant and the current assessed risk level is likely to continue until progress with the delivery of the efficiency programme is evident and secured and there is more certainty over the future of local government funding.</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • Efficiency programme update prepared for presentation to Cabinet on 4 August 2022 with efficiencies of £1.169m to be delivered from 2022/23 to 2024/25. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Update the Medium Term Financial Plan following production of the 2021/22 final accounts and 2022/23 Quarter 1 budget monitoring to reflect emerging inflationary pressures arising from issues such as the aftermath of the Covid-19 pandemic, the war in Ukraine and the United Kingdom's exit from the European Union. • Development of a Procurement and Contract Management Strategy to ensure value for money in purchasing. • Development and implementation of a strategy to maximise current income streams and identify new income opportunities in accordance with all relevant statutory and corporate requirements.
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3	<p>FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at B3 low likelihood/serious impact)</p> <p>Definition:</p> <p><i>Ineffective systems, processes and equipment that can present danger to individuals or groups of employees.</i></p> <p>Key Risk Driver: Health & Safety</p> <p>Raw Risk Value: Major – Loss of life/major illness</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The 2022/23 programme of inspections will now be undertaken.</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • A permanent solution for Health and Safety team arrangements (to replace current interim support) has been agreed and recruitment process completed. • Health and safety awareness course for staff prepared. • All PASC risk assessments and operational procedures have undergone an annual review to ensure compliance with health and safety requirements. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Prepare a new Civic Centre emergency evacuation procedure. • Rollout the health and safety awareness course to staff.
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4	<p>FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY</p> <p>Owner: Alison Ball (David Archer)</p> <p>Current Risk and Direction of Travel: AMBER – INCREASE current risk level from C2 (significant likelihood/minor impact) to C3 (significant likelihood, serious impact).</p> <p>Definition:</p> <p><i>Associated with the particular nature of each profession, internal protocols, managerial abilities, and sickness levels.</i></p> <p>Key Risk Driver: Service Provision</p> <p>Raw Risk Value: Serious – Significant elements of a service suspended / reduced</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The Annual Governance Statement includes a number of actions for 2022/23 to address control and risk issues concerning workforce capacity. The risk level has been increased and may rise further in the near future.</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • New Waste, Transport and Depot Manager appointed with a start date of 2 September 2022. • A Smarter Ways of Working update prepared for distribution to staff following the rollout of the ICT equipment for agile working. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Address the actions for 2022/23 in the Annual Governance Statement to address control and risk issues concerning workforce capacity including monitoring the impact of workforce capacity on the delivery of the Gedling Plan and ensuring compliance with governance requirements.
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5	<p>FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS</p> <p>Owner: Alison Ball (Paul Adcock)</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE in current risk level (maintained at C3 significant likelihood/serious impact).</p> <p>Definition:</p> <p><i>The capacity of the Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. Challenges over the security, storage and retention of both electronic and manual records, and data.</i></p> <p>Key Risk Driver: Objectives</p> <p>Raw Risk Value: Major – Directorate objectives not met</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • External third party review of the ICT service to evaluate current service provision and ensure service is adequately resourced (in both numbers and expertise) to meet current and anticipated future demands is now underway with baseline assessment produced and currently being reviewed. • Cyber security training for Members provided in May and June 2022 by East Midlands Councils • Cyber security e-learning module made available for staff. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Produce a new IT Strategy following the conclusion of the ICT service review. • Produce a new Digital Strategy (replacing the now expired 2016-2019 version) after the ICT service review has been completed that aligns with the current and future Gedling Plan. • Consider proposals from AON (the Council's insurance brokers) to strengthen the Council's cyber security arrangements.
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| | <ul style="list-style-type: none">• Finalise the cyber risk register as recommended following the internal audit reported to Audit Committee in March 2021.• Review and update the Information Security Policy. |
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6	<p>FAILURE TO PROTECT & UTILISE PHYSICAL ASSETS</p> <p>Owner: Mike Hill (Head of Regeneration and Welfare)</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at C3 significant likelihood/serious impact).</p> <p>Definition:</p> <p><i>Buildings that are fit for purpose, safe, secure, and meet legislative requirements for fire, asbestos, and water-testing. Land, buildings and other assets to be recorded on a database.</i></p> <p>Key Risk Driver: Health & Safety</p> <p>Raw Risk Value: Major – Loss of life / major illness</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • The general condition surveys of Council Buildings and Suitability and Sufficiency surveys are ongoing. • Access to Mapperley Rail Tunnel has been restricted with fencing and warning signs installed and regular monitoring and inspection arrangements in place. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Complete the asset condition and suitability surveys. • Produce a new Asset Management Plan. • Assess supply chain issues to ensure that the Council has sufficient stock of items required to ensure that its assets are properly maintained and continue to operate as intended.
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7	<p>FAILURE TO REACT TO CHANGES IN LEGISLATION</p> <p>Owner: Fran Whyley</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at C3 significant likelihood/serious impact).</p> <p>Definition:</p> <p><i>Associated with current or potential changes in national or European law which can lead to possible breaches of legislation. Assessing the wider implications of new legislation on both the Council and its residents.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Major - £500k - £1m</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Implementation of the Government’s Resource and Waste Strategy in response to the Environment Act 2021 is currently delayed whilst the Government decides its approach to the handling of recyclable materials.</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • No actions completed. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Address any financial and other implications from the McCloud pension case and other related legal judgements. • Upon receipt of the long awaited guidance from the Government on its preference for the handling of recyclable materials, assess the costs and other implications of measures introduced in response to the Environment Act 2021.
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8	<p>FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at B3 low likelihood/serious impact).</p> <p>Definition:</p> <p><i>Associated with the failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • Contracts register on website brought up to date and circulated to senior officers. • Analysis of significant supplier spending completed to ensure that appropriate contracts are in place. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Implementation of the automated contracts register in the procurement system. The system provider is to provide training. A manual version of the contracts register is in place and therefore there are no compliance issues at present. • Deliver corporate contract and procurement training (scheduled for 21 September 2022). • Review indemnity clauses in terms and conditions for new contracts to ensure that they reflect the Council's risk appetite.
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9	<p>INABILITY TO DEFEND ONE-OFF CHALLENGES TO A COUNCIL DECISION OR NEW COMPENSATION TREND EMERGES</p> <p>Owner: Fran Whyley</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level (maintained at A3 very low likelihood/serious impact).</p> <p>Definition:</p> <p><i>Councils are increasingly vulnerable to judicial reviews and new compensation claims.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>There is a risk that self-employed service providers may successfully challenge their employment status with potential financial costs for the Council as a result.</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • Work undertaken to reduce the number of self-employed instructors in Leisure Services by moving to employed status. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Continue to assess the employment status of individuals working for the Council to ensure that legislative and corporate requirements are met.
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10	<p>FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS</p> <p>Owner: Alison Ball (Fran Whyley)</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level (maintained at B1 low likelihood, negligible impact).</p> <p>Definition:</p> <p><i>Related to channel shift to more digital on-line services but retaining the availability of face-to-face services. Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> Monitoring of complaints in respect of the ongoing impact of Covid-19 on service levels no longer required following the lifting of restrictions. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> Monitor and respond as necessary to the impact upon the Council of potential staffing capacity issues in key areas.
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11	<p>FAILURE TO PREVENT DAMAGE TO THE COUNCIL'S REPUTATION</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level (maintained at B2 low likelihood/minor impact).</p> <p>Definition:</p> <p><i>Related to the Council's reaction to a specific event or issue, or generally a downturn in quality of service.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • No outstanding actions. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.
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12	<p>FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT OR MALICIOUS ACT</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level (maintained at B1 low likelihood, negligible impact).</p> <p>Definition:</p> <p><i>Council reaction to a natural occurrence e.g. widespread flooding, or other events such as fire and explosions.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>Climate change is expected to require businesses (including Councils) and individuals to adapt their behaviour to reduce the potential of extreme weather events and other risks to public health.</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • No actions completed. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • No outstanding actions.
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13	<p>FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN - NO CHANGE to current risk level (maintained at B2 low likelihood/minor impact).</p> <p>Definition:</p> <p><i>Relating to the effects of changes in demographic, residential, or socio-economic trends on the Council's ability to meet its objectives.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Serious– Adverse regional publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • No actions completed. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • 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.
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HIGH RISK AUDIT RECOMMENDATIONS RAISED IN PREVIOUS YEARS BUT NOT YET IMPLEMENTED:

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

HIGH RISK AUDIT RECOMMENDATIONS RAISED IN THIS FINANCIAL YEAR:

There have been no high risk recommendations reported to date during 2022/23.

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

L i k e l i h o o d	Very High	E				2	
	High	D			1		
	Significant	C			4, 5, 6, 7		
	Low	B	10,12	11,13	3,8		
	Very Low	A			9		
			1	2	3	4	5
			Negligible	Minor	Serious	Major	Critical
			I m p a c t				

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