GEDLING
Borough Council

Agenda

Audit Committee

Date:	**Tuesday 25 July 2023**
Time:	**6.00 pm**
Place:	**Council Chamber**

For any further information please contact:

Democratic Services

committees@gedling.gov.uk

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Audit Committee

Membership

Chair   Councillor Kyle Robinson-Payne

Vice-Chair   Councillor Sandra Barnes

                Councillor Jim Creamer
                Councillor Helen Greensmith
                Councillor Paul Hughes
                Councillor Alison Hunt
                Councillor Ruth Strong

AGENDA

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MINUTES
AUDIT COMMITTEE

Tuesday 27 June 2023

Councillor Kyle Robinson-Payne (Chair)

Councillor Roy Allan	Councillor Paul Hughes
Councillor Sandra Barnes	Councillor Alison Hunt
Councillor Helen Greensmith	Councillor Ruth Strong

Absent: Councillor Jim Creamer

Officers in Attendance: C Goodall and M Hill

1   APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from Councillor Creamer. Councillor Allan attended as substitute.

2   TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 14 MARCH 2023

RESOLVED:

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

3   DECLARATION OF INTERESTS

None.

4   BDO (INTERNAL AUDIT) - PROGRESS REPORT

The Chair informed the committee that items 5, 6 and 7 on the agenda had been deferred as the reports prepared by BDO were received late and contained a number of errors, therefore he didn't feel it was beneficial to bring them to the meeting. He concluded that an extra meeting would be scheduled in July to receive those reports, so that members could read through them, digest the information and bring any questions or comments to that meeting.

5   BDO (INTERNAL AUDIT) - BUSINESS CONTINUITY AND EMERGENCY PLANNING REPORT

This item was deferred to a future meeting.

6   BDO (INTERNAL AUDIT) - DRAFT ANNUAL OPINION

This item was deferred to a future meeting.

7   MAZARS (EXTERNAL AUDIT) - AUDIT PROGRESS REPORT

The Chair moved this item forward on the agenda.

The External Auditor introduced the External Audit Progress Report for the year ended 31 March 2022 prepared by Mazars, the Council's External Auditor, which had been circulated in advance of the meeting.

RESOLVED:

To receive the Auditor's Audit Progress Report for the year ended 31 March 2022 prepared by Mazars.

8   CORPORATE RISK MANAGEMENT SCORECARD QUARTER 4 2022/23

The Chief Executive introduced the report, which had been circulated in advance of the meeting, updating members on the current level of assurance that could be provided against each corporate risk.

Following a request by Councillor Greensmith, the Chief Executive agreed to accommodate a closed session prior to a future committee meeting, in order to provide an update to committee members in relation to the ongoing alleged fraud investigation.

RESOLVED:

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

9   ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT

None.

The meeting finished at 6.50 pm

Signed by Chair:
Date:

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Gedling
Borough Council

Report to Audit Committee

Subject: Internal Audit Progress Report

Date: 24 July 2023

Author: Gurpreet Dulay – Internal Audit Director (BDO)

Purpose

To summarise the outcome of internal audit activity completed by the BDO Internal Audit Team for the period March 2023 to June 2023.

Recommendation(s):

THAT:

1) **Members to note the Internal Audit Progress Report detailing the delivery of the 2022/23 Internal Audit Plan and the commencement of work for the 2023/24 Internal Audit Plan.**
2) **Members to note the Business Continuity and Emergency Planning Internal Audit Report.**

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1. Background

1.1 The Internal Audit Plans for 2022/22 and 2023/24 were approved by the Audit Committee on 15 March 2022 and 14 March 2023 respectively. The progress report provides a summary update of the work undertaken by BDO for 2022/23. In addition, the report identifies the work underway within the 2023/24 approved internal audit plan and the schedule in which we anticipate presenting the final reports to the Audit Committee over the year.

1.2 BDO have undertaken a review of the Council's Business Continuity and Emergency Planning internal audit report where we have provided Moderate assurance on the control design and Limited assurance on the control effectiveness.

2. Proposal

2.1 Since the last Audit Committee meeting, the Business Continuity Planning Report has been finalised, with an opinion of Moderate for control design

and Limited for control effectiveness. The following work is being delivered and it is anticipated that these will be presented to the next Audit Committee in September 2023:

2022/23 Internal Audit Plan
- Main Financial Systems
- Workforce Strategy
- Counter Fraud and Corruption Strategy
- Additional review of financial systems

2023/24 Internal Audit Plan
- Project and Programme Management
- Health and Safety.

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 - July 2023
7.2 Business Continuity and Emergency Planning Internal Audit Report

INTERNAL AUDIT PROGRESS REPORT

GEDLING BOROUGH COUNCIL

JULY 2023

IDEAS | PEOPLE | TRUST

BDO

CONTENTS

SUMMARY OF 2022/23 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the JULY 2023 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.
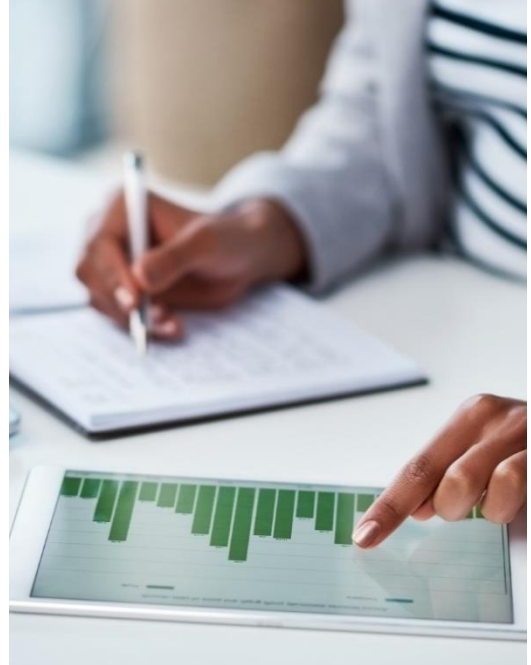
JULY 2023 INTERNAL AUDIT PLAN

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

▶ Business Continuity and Emergency Planning

▶ Head of Internal Audit Opinion - Draft

Work is ongoing respect of the following audits:

▶ Main Financial Systems

▶ Workforce Strategy

▶ Counter Fraud and Corruption Strategy

▶ Additional review of financial systems.

These reviews have been impacted by challenges to staff availability and resources, particularly in the Council's Finance Team, and the ongoing fraud investigation. We anticipate presenting these reports at future Audit Committee meetings.

REVIEW OF 2022/23 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Corporate Governance and Performance	September 2022	✓	✓	✓	M	M
Recruitment and Retention	September 2022	✓	✓	✓	M	M
Building Control and Development Management	December 2022	✓	✓	✓	S	M
Cyber Security	March 2023	✓	✓	✓	M	M
Remote Working	March 2023	✓	✓	✓	S	M
Business Continuity and Emergency Planning	June 2023	✓	✓	✓	M	L
Main Financial Systems	September 2023	✓	✓			
Counter-Fraud and Corruption Strategy	September 2023	✓	✓			
Workforce Strategy	September 2023	✓	✓	✓		
Economic Growth Framework and Partnerships	September 2023	✓				

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REVIEW OF JULY 2023/24 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Community Health & Wellbeing (with focus on Leisure Services)	March 2024	✓				
Council Tax/NNDR	September 2023	✓	✓			
GDPR Information & Governance	December 2023	✓				
Generating External Income	July 2024	✓				
Governance & Budgetary Assurance Mapping	March 2024	✓				
Health and Safety	September 2023	✓				
Main Financial Systems	July 2024	✓				
Project & Programme Management	September 2023	✓	✓			
Safeguarding	December 2023	✓				

BUSINESS CONTINUITY AND EMERGENCY PLANNING

EXECUTIVE SUMMARY

CRR REFERENCE: FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES

Design Opinion	🟠 Moderate	Design Effectiveness	🔴 Limited

Recommendations	🔴 1	🟠 2	🟢 1

SCOPE

BACKGROUND

The Civil Contingencies Act 2004 (the Act) delivers a single framework for civil protection in the UK. The Act establishes a clear set of roles and responsibilities for those involved in emergency preparation and response at a local level. The Act divides local responders into two categories, imposing a different set of duties on each.

Those in Category 1 are organisations at the core of the response to most emergencies (the emergency services, local authorities, NHS bodies). Category 1 responders are subject to the full set of civil protection duties. The Act identifies the Council as a Category 1 responder. As such, are required to:

- Assess the risk of emergencies occurring and use this to inform contingency planning
- Put in place emergency plans
- Put in place business continuity management arrangements
- Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency
- Share information with other local responders to enhance co-ordination
- Co-operate with other local responders to enhance co-ordination and efficiency.

Gedling Borough Council (the Council) has a service level agreement (SLA) in place with the County council for support with business continuity and emergency planning, however the County Council has been unable to provide the anticipated level of support to the Council due to capacity as the position due to provide the support has not been filled. The previous Health and Safety Officer left the Council in 2021. A new Emergency Planning and Health & Safety Officer started in October 2022. Therefore, while emergency plans and business continuity plans were in place across the Council at the time of review we understand the context that there are due for revision and the health and safety function as a whole is recovering after a period of staffing gaps.

The Council is a member of the Nottinghamshire Local Resilience Forum (LRF).

AREAS REVIEWED

We:
- Reviewed the Council's continuity and emergency framework and relevant policies and procedures
- Performed a detailed review of various Business Impact Assessments (BIAs) and situation preparation/response plans. We sought to ascertain whether the Council has adequate levels of planning to aid in the creation of a cohesive continuity arrangement.
- Interviews were used to help establish what controls the Council had in relation to the risks that were identified. These reviews were guided by established best practice and the Business Continuity Management Toolkit (BCMT) created by the Government.

- Considerations for IT dependency and training available for appropriate staff were also assessed.
- The interactions between these and the overarching framework also considered.

AREAS OF STRENGTH

During the review, we identified the following areas of strength:

- The Council has emergency and preparation plans in place covering: flooding, sandbags and winter preparation. These are substantial and detailed. They each contain a clear purpose and scope. Roles, points of escalation and contact details are available throughout. We understand the Council is also aiming to produce a hot weather emergency plan, based on the lessons learnt and experiences of 2022

- An emergency plan has also been created for use and in preparation of any situation. The plan provides a good level of detail, makes clear the responsibilities of key personnel and outlines the procedures for escalating and dealing with situations

- Staff training presentations demonstrate management has clear understanding of the requirements of effective business continuity. The presentations provided by the Council and through the Local Resilience Forums (LRF) are concise and provide an opportunity to improve and reinforce understanding of the application of various aspects of business continuity planning

- The Council attended Exercise Lemur and Floodex, as part of the LRF and a tabletop exercise which tested arrangements for national electricity disruption

- The Council has an IT planning procedure through the creation of two detailed documents, the Cyber Incident Response Plan and the DR Protocol, that provide for cyber incidents and loss of equipment

- The Council is refreshing its corporate business continuity plan and separate plans have been developed by departmental managers for each department. Once approved by the Heads of Service and the Senior Leadership Team (SLT) the Health, Safety and Emergency Planning Manager will work with the departments to test their resilience within certain circumstances. This will support the Council to ensure that the plans, which incorporate business impact assessments, are robust and effective. Heads of Service will be responsible for ensuring staff are suitably trained and aware of their local business continuity plans.

AREAS OF CONCERN

Finding	Recommendation and Management Response
The Council's BIAs are out of date, of varying quality and the template does not adequately cover business continuity planning, although the Council are currently refreshing these (Finding 1 - High)	a. The Council should ensure that its plan to refresh and implement the corporate and departmental BCPs, incorporating the BIAs, is completed in line with its targeted time scale. It should ensure that the following areas are included within these BCPs: • A risk management section should include additional risks and allow for the addition of those identified by service areas. The Community Risk Register held by the Local Resilience Forum, can be utilised to aid this as it details top risks including transport and malicious threats that should be considered b. Following the refresh of the BCPs, all service managers should be reminded that they are responsible for maintaining the BIA/BCPs. The Business Impact Analysis for Health, Safety and Emergency Planning, which although is slightly overdue for review, gives a good indication of the level of detail required and how the BIAs can be best utilised. This could be provided as an example of best

practice to Service Managers to enable them to improve their own BIA/BCPs

c. In accordance with the BCP Policy, all BIAs/BCPs should be reviewed periodically or after a significant event to ensure that they are updated in a timely manner. Spot checks on the completion of this should be performed by the Health, Safety and Emergency Planning Manager

d. The format of the BIA document should be reviewed and amended to include a clearer distinction between the BIA and the BCP. A clear section for a detailed action plan should be included within the document.

Management Response

The corporate BCP and all service BCPs are being refreshed as part of a council-wide exercise, with all service managers given a deadline of 30 June 2023 to have these prepared. These will then be reviewed by Heads of Service to ensure that there is no overlap before approval from SLT. These will incorporate the BIA. Following this, the Business Continuity Policy will be reviewed/updated. BCPs will be live documents and we will continue to expect service managers to maintain responsibility and ownership of the plans, including ensuring they are kept up-to-date.

Target Date: 31/07/2023

The Business Continuity Policy is out of date and does not have clear links to other policies such as the Emergency Planning Policy Finding 2 - Medium)	The Business Continuity Policy should be updated to reflect:

The Business Continuity Policy should be updated to reflect:

a. Current practice with regards to BIAs/BCPs. This should:

- Identify whether the Council will implement separate BIAs and BCPs or further develop the existing BIAs

- Establish whether BIAs/BCPs will cover departments or service areas underneath them (where appropriate)

- Give guidance on what critical functions should be considering, including IT, HR, external suppliers and staff/public health & safety

b. How the Council's Emergency Planning process and plans intersect with BCPs

c. Outline the process for escalating risks to the Risk Register

d. The Policy should be reviewed biennially to ensure that it reflects current practice and in particular that roles and responsibilities and any key contact information is up-to-date.

Management Response

Following the implementation and testing of the new BCPs we intend on reviewing the

		Business Continuity Policy and Emergency Policy which we recognise are overdue. This should improve the interlinking of the two documents and the overarching Business Continuity Framework. The policies will stand for a few years so will be reviewed every two years. Target Date: 31/12/2023
	Current BIAs/BCPs and emergency plans are not regularly tested to assess their effectiveness in different emergency situations. The new departmental plans are set to be tested as part of the ongoing refresh process (Finding 3 - Medium)	a. The Council should develop a regular testing schedule/timetable for BCPs and other emergency plans. This should require all BCPs to be tested periodically or after an event. A combination of tabletop, discussion and live exercises should be used, with more frequent checks to ensure contact information, plan activation procedure and plan objectives are up to date and relevant b. The Business Continuity Policy should require all service BCPs to be tested annually, at a minimum, by the Head of Service and service manager, in line with the testing schedule. Heads of Service should be required to confirm that the service plan has been tested to the Health, Safety and Emergency Planning Manager so they can retain a central log for which areas have been tested. Management Response There will be detailed testing with each Head of Service and service manager on the BCPs and other emergency plans once they have been refreshed. This will involve scenario testing to assess how the service BCPs stand up to different scenarios, ie loss of electricity and power in the Council offices. A log can be maintained thereafter and monitored by the Health, Safety and Emergency Planning Manager for annual/periodic testing of BCPs with the confirmation from Heads of Service. Target Date: 31/12/2023
	Business continuity training attendance is not recorded (Finding 4 - Low)	a. Heads of Service should establish a training log to record the attendance of members of staff for any training provided on the new service BCPs b. b. The training log for SLT, Heads of Service and managers should be clearer on the nature of the training provided on BCP and emergency planning. Management Response Training has been provided to service managers in preparation for the updating of all service BCPs to ensure that they are aware of what should be included, and also specifically on incident responses. A training log can be recorded for future similar training. Heads of Service will be responsible for ensuring that all staff in their service are aware of the updated service BCPs and understand the processes they need to follow in the event of an emergency. Target Date: 31/12/2023

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ADDED VALUE

Templates for after-incident reporting have been provided along with a lessons learnt log at Appendix I-III.

CONCLUSION

Overall, we have concluded that the Council currently have Moderate controls in place and Limited control design for its business continuity and emergency planning arrangements. However, staff capacity has been improved by the appointment of the Health, Safety and Emergency Planning Manager who has led on a significant exercise to refresh the corporate and service BCPs.

At present plans and procedures are not yet being implemented as envisioned. BIAs are often not treated as live documents by the service managers and in many instances, are out of date.

We also found that there has been infrequent testing of both emergency plans and BIAs to ensure that they are robust There is a risk that the Council is therefore limited in its ability to respond to service disruption and emergency events at present.

While the process the Council are currently undertaking to update the corporate and service BCPs should significantly improve business continuity across the Council, our review was undertaken prior to the completion of this. Therefore, as at April 2023, when our fieldwork was completed the control effectiveness was Limited due to service BCPs being outdated and lacking detail and testing and training not being regularly conducted. However, we would expect that this should improve over the coming months, following the BCPs being updated and tested.

SECTOR UPDATE

This briefing summarises recent publication and emerging issues relevant to local government that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior management and Members.

LOCAL GOVERNMENT ASSOCIATION HAVE COMMISSIONED SHARED INTELLIGENCE TO PROVIDE SUPPORT WITH LEP

The Local Government Association (LGA) have commissioned Shared Intelligence (SI) to provide support for councils and combined authorities undertaking Local Enterprise Partnership (LEP) integration and to share good practice/learning. LEPs were established in 2010 and originally conceived as local business-led partnerships between the private and public sector that would drive local economic growth. This commission flowed from the Levelling Up white paper and subsequent ministerial letter in March 2022.

The role of LEPs increased significantly in 2015 when they were handed responsibility for £12 billion local growth deal funding over six years. They also led the development of strategic economic plans and then local industrial strategies, with mayoral combined authorities in relevant areas, under the government's national Industrial Strategy.

LEPs saw a rapid expansion of their role, followed by an incremental tailing off of central support and funding. In 2016, a National Audit Office (NAO) report noted that: "funding uncertainty has also made it difficult (for LEPs) to recruit and retain skilled staff." That theme has continued, and 'uncertainty' is a word that has been integral to the LEP experience.

Arrangements vary from place to place and in some areas, local authorities have been playing a strong role alongside LEPs in supporting their delivery work. There is an important policy question about where accountability for local economic growth should sit and the budget announcement was couched in terms of an opportunity to empower democratically elected local leaders. The research has identified that areas not subject to a devolution or 'county' deal will need to accelerate integration plans, with key benefits to be obtained from more integration including: clarity of economic vision, efficiency gain and proactive working with business.

Supporting the integration of Local Enterprise Partnerships | Local Government Association

FOR INFORMATION

For the Governance and Scrutiny Committee Members and Executive Directors

LGA PUBLICATION FOR HEAT AND BUILDING DECARBONISATION BY 2050

The UK Government has recognised the value of local level actors and has committed to exploring the opportunities and challenges presented by local area energy (mapping) planning, as well as outlining the vital importance of local stakeholders to the energy transition in both the Heat and Buildings Strategy and Net Zero Strategy. A high-level partnership framework across three stages has been proposed and comprises the accelerating local action on fuel poverty and social housing between 2023 and 2026, accelerating local decarbonisation delivery between 2026 and 2029 and accelerating local demand aggregation 2030 and 2035.

There are many challenges to achieving heat and buildings decarbonisation including the multifaceted and complex nature of heat decarbonisation covers multiple policy areas across government, for example building standards, skills and planning. The Government aim to agree a funding deal with each council by the end of 2023, providing greater autonomy on how they work towards delivering the overall objective of accelerating local action on fuel poverty and social housing

The social housing decarbonisation fund was introduced in support of the Government's Heat and Building Strategy. This offers a total of £3.8 billion up to 2030 and is distributed across different waves.

Green heat – achieving heat and buildings decarbonisation by 2050 | Local Government Association

COUNCIL LEADER CRITICISES THE 'EASE' OF PUBLIC WORKS LOAN BOARD BORROWING

The Leader of Woking Borough Council has said the ease with which councils could borrow money from the Public Works Loan Board (PWLB) has been an "issue". They further commented that "Clearly proposals have to go through council committees and procedures but beyond that, the money was getting signed off by the finance officer of the council. I think that has been the issue."

Rob Whiteman, chief executive of the Chartered Institute of Public Finance and Accountancy (CIPFA), said that steps taken in recent years to strengthen the prudential code and the borrowing rules for councils "means that the casino-style investments that some councils have made, has been brought to an end". "But it may be that some other councils have made terrible commercial decisions before the regime was tightened," he added.

One of the key changes to the Prudential Code in the 2021 edition was to explicitly state that authorities must not borrow to invest primarily for financial return.

Woking leader criticises 'ease' of PWLB borrowing | Local Government Chronicle (LGC) (lgcplus.com)

PARTNERSHIP WORKING – REMOVE THE RISK FROM INCOME GENERATION

Chief executive of Norse Group, Justin Galliford, has stated that partnership working offers a safer way to generate additional revenue. The Local Government Information Unit (LGIU) found that over half of local authorities in England are planning further services cuts while simultaneously increasing council taxes by the maximum possible amount amidst further solvency challenges.

Research by the LGIU has found that increases in council tax will not be sufficient to balancing budgets, with the inevitability of cost-cutting and attempts to generate income through increased commercialisation.

BritainThinks' research has found that local benefit from high levels of trust and satisfaction from residents, providing a strong platform to develop revenue streams from commercial trading. But, local authorities often lack the skills and expertise to maximise the benefits, so partnership working allows councils to generate external income while minimising its exposure to the risks.

Norse Group has found that the partnership model, or joint venture approach, is more akin to insourcing than outsourcing and gives partners a high degree of control through share ownership, board representation and direct input to service delivery.

https://www.lgcplus.com/finance/partnership-removing-the-risk-from-income-generation-22-05-2023/

EX LGA CHIEF EXECUTIVE STATES PEER REVIEWS SHOULD BE MANDATORY

A former Chief Executive of the LGA, Carolyn Downs has stated that all local authorities should be subject to mandatory peer reviews.

Speaking to Local Government Chronicle (LGC), she said that the challenging financial situation local government is in means even well led and well managed councils can struggle which marks a change from 10 years ago. She further remarked that "hose councils that reached the point of requiring intervention are those that had failed to recognise

they needed help or to look 'externally' to see what they could learn from others", firmly supporting the benefits of LGA-funded peer reviews from her experience as chief executive of Brent London Borough Council.

The LGAs peer challenge initiative offers participating councils the opportunity to host a team of experienced officers to spend time with them, provide challenge and share learning. The LGA provides a fully funded corporate peer review to all councils where it spends time with the authority identify and address issues and challenge progress across themes, including: local priorities and outcomes, organisational and place leadership, governance and culture, financial planning and management and capacity for improvement.

Ex-LGA chief: 'Peer reviews should be mandatory' | Local Government Chronicle (LGC) (lgcplus.com)

FOR INFORMATION

For the Governance and Scrutiny Committee Members and Executive Directors

COUNCILS SOUND THE ALARMS ON CLIMATE THREATS

Risks to people's health from heatwaves is the greatest priority climate concern for councils, according to a new Local Government Association survey on local climate preparedness.

Last year brought record breaking temperatures, wildfire incidents and significant infrastructure disruption, with extreme heat leading to thousands of excess deaths across the country, and the year before dealt with significant flash flooding.

The LGA said urgent action is needed to prepare our villages, towns, and cities for the impacts of climate change. It is calling for government to enable urgent acceleration of local adaptation action as part of its forthcoming National Adaptation Programme (NAP).

The NAP sets out the actions that government and others will take to adapt to the challenges of climate change in England over a five-year period. The Department for Environment, Food and Rural Affairs (Defra) are currently working on the third iteration of the NAP which is expected to be published this summer and will run from 2024 to 2029.

Councils are also calling for government guidance on critical thresholds for different weather patterns. This would include the threshold temperatures that different services can change or close, from play areas to libraries.

Over 300 councils have declared a climate emergency, and many are assessing risks and developing plans. They deliver wide ranging services including on roads, flooding, fire, natural environment, housing, public health, and social care.
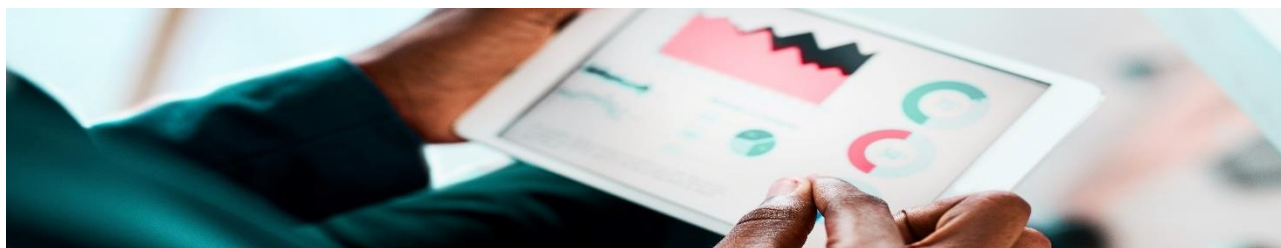
A survey, also conducted by the LGA, found that:
- Damage to critical infrastructure and buildings, including roads and homes ranks as the second greatest concern for councils. Widespread risks to people and the economy from climate related failure of the power-system was the third greatest risk
- 21% of responding councils said a "lack of data" was a barrier in addressing climate impacts to communities and service delivery. "Lack of funding and/or available finance" was also the top identified barrier (93%) faced by authorities.

https://www.local.gov.uk/about/news/councils-sound-alarm-local-climate-threats

FOR INFORMATION

For the Governance and Scrutiny Committee Members and Executive Directors

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, individual audit meetings and contract reviews have been attended by either the Director or Audit Manager.	G
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.	G
Quality of Work	Only one survey response for 22/23 was received, scoring 5/5 feedback on the value added by the audit. We will continue to send surveys out to officers with final report.	G
Completion of audit plan	We have completed the majority of reviews for 22/23 and have commenced the planning for 23/24, with scoping calls for more than 75% of the reviews completed and review dates agreed.	M

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)23 8088 1896
Gurpreet.Dulay@bdo.co.uk

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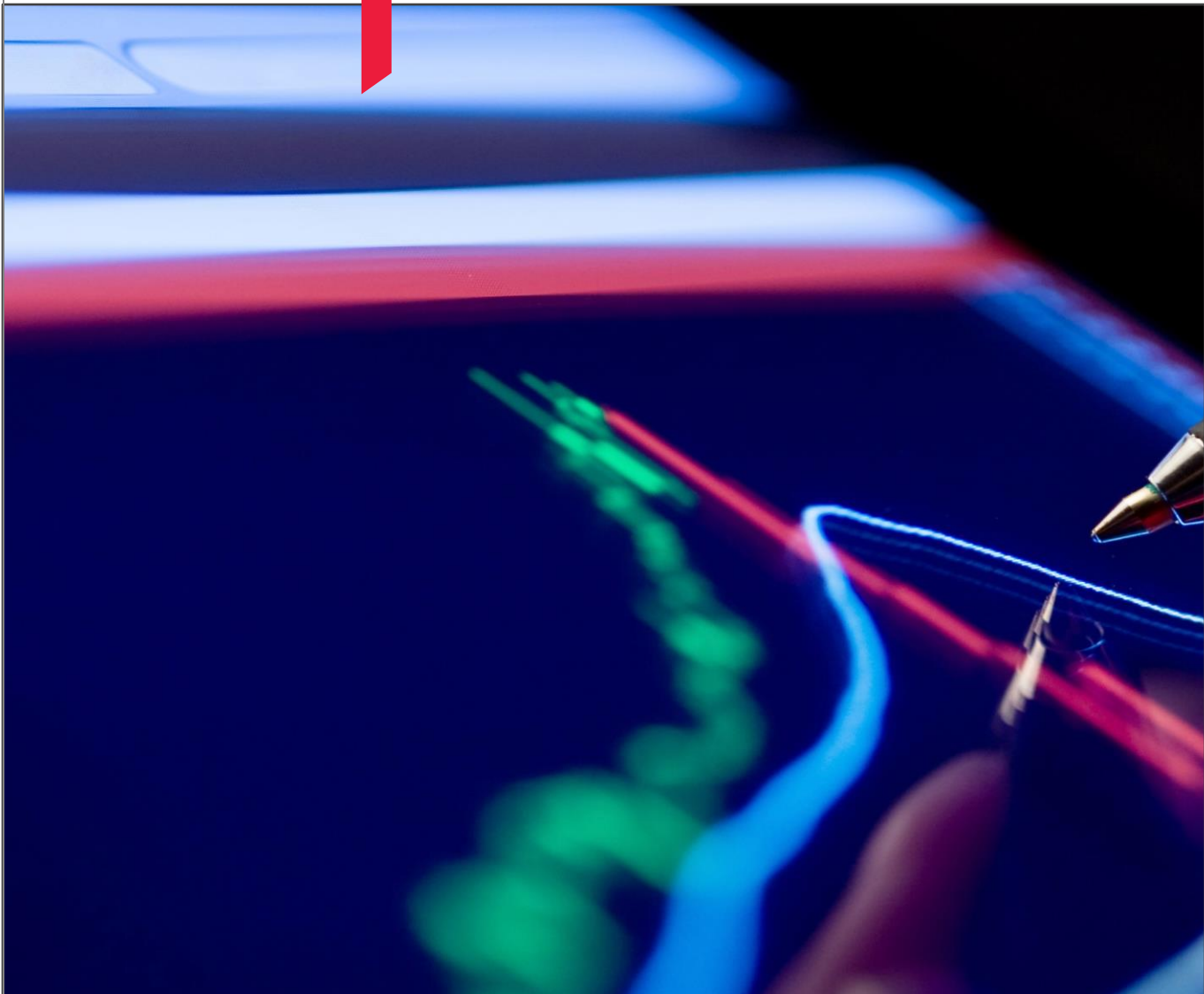
GEDLING BOROUGH COUNCIL
INTERNAL AUDIT REPORT

BUSINESS CONTINUITY AND EMERGENCY PLANNING
JUNE 2023

Design Opinion	● Moderate
Design Effectiveness	● Limited

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CONTENTS

DISTRIBUTION	
Mike Hill	Chief Executive Officer
Alison Ball	Director of Corporate Resources
Francesca Whyley	Head of Governance, Customer Services & Monitoring Officer
Rebecca Hutchinson	Health, Safety and Emergency Planning Manager

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.

REPORT STATUS	
Auditors:	Jack Rowan, Auditor Charlotte Thomas, Assistant Manager Gurpreet Dulay, Director
Dates work performed:	6 January – 26 April 2023
Draft report issued:	10 June 2023
Final report issued:	22 June 2023

EXECUTIVE SUMMARY

Design Opinion	● Moderate	Design Effectiveness	● Limited

Recommendations	**1** **2** **1**

SCOPE

BACKGROUND

The Civil Contingencies Act 2004 (the Act) delivers a single framework for civil protection in the UK. The Act establishes a clear set of roles and responsibilities for those involved in emergency preparation and response at a local level. The Act divides local responders into two categories, imposing a different set of duties on each.

Those in Category 1 are organisations at the core of the response to most emergencies (the emergency services, local authorities, NHS bodies). Category 1 responders are subject to the full set of civil protection duties. The Act identifies the Council as a Category 1 responder. As such, are required to:

- Assess the risk of emergencies occurring and use this to inform contingency planning
- Put in place emergency plans
- Put in place business continuity management arrangements
- Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency
- Share information with other local responders to enhance co-ordination
- Co-operate with other local responders to enhance co-ordination and efficiency.

Gedling Borough Council (the Council) has a service level agreement (SLA) in place with the County council for support with business continuity and emergency planning, however the County Council has been unable to provide the anticipated level of support to the Council due to capacity as the position due to provide the support has not been filled. The previous Health and Safety Officer left the Council in 2021. A new Emergency Planning and Health & Safety Officer started in October 2022. Therefore, while emergency plans and business continuity plans were in place across the Council at the time of review we understand the context that there are due for revision and the health and safety function as a whole is recovering after a period of staffing gaps.

The Council is a member of the Nottinghamshire Local Resilience Forum (LRF).

AREAS REVIEWED

We:

- Reviewed the Council's continuity and emergency framework and relevant policies and procedures
- Performed a detailed review of various Business Impact Assessments (BIAs) and situation preparation/response plans. We sought to

ascertain whether the Council has adequate levels of planning to aid in the creation of a cohesive continuity arrangement.

- Interviews were used to help establish what controls the Council had in relation to the risks that were identified. These reviews were guided by established best practice and the Business Continuity Management Toolkit (BCMT) created by the Government.
- Considerations for IT dependency and training available for appropriate staff were also assessed.
- The interactions between these and the overarching framework also considered.

AREAS OF STRENGTH

During the review, we identified the following areas of strength:

- The Council has emergency and preparation plans in place covering: flooding, sandbags and winter preparation. These are substantial and detailed. They each contain a clear purpose and scope. Roles, points of escalation and contact details are available throughout. We understand the Council is also aiming to produce a hot weather emergency plan, based on the lessons learnt and experiences of 2022

- An emergency plan has also been created for use and in preparation of any situation. The plan provides a good level of detail, makes clear the responsibilities of key personnel and outlines the procedures for escalating and dealing with situations

- Staff training presentations demonstrate management has clear understanding of the requirements of effective business continuity. The presentations provided by the Council and through the Local Resilience Forums (LRF) are concise and provide an opportunity to improve and reinforce understanding of the application of various aspects of business continuity planning

- The Council attended Exercise Lemur and Floodex, as part of the LRF and a tabletop exercise which tested arrangements for national electricity disruption

- The Council has an IT planning procedure through the creation of two detailed documents, the Cyber Incident Response Plan and the DR Protocol, that provide for cyber incidents and loss of equipment

- Incidents are managed through the Council Incident Management Teams (IMTs) then once completed reported up to the Strategic Resilience Group (SRG). We reviewed the minutes to these meetings and noted that there was adequate oversight of incidents and agreed actions. Furthermore, these provided an effective platform for identifying lessons learnt from incidents. For example, following the heatwave in 2022 the IMT and SRG oversaw the Council's response and a Heatwave Response Plan has been developed for future incidents

- The Council is refreshing its corporate business continuity plan and separate plans have been developed by departmental managers for each department. Once approved by the Heads of Service and the Senior Leadership Team (SLT) the Health, Safety and Emergency Planning Manager will work with the departments to test their resilience within certain circumstances. This will support the Council to ensure that the plans, which incorporate business impact assessments, are robust and effective. Heads of Service will be

| | responsible for ensuring staff are suitably trained and aware of their local business continuity plans. |

AREAS OF CONCERN

We identified the following key areas for improvement:

- The Council's BIAs are out of date, of varying quality and the template does not adequately cover business continuity planning, although the Council are currently refreshing these (Finding 1 - High)
- The Business Continuity Policy is out of date and does not have clear links to other policies such as the Emergency Planning Policy Finding 2 - Medium)
- Current BIAs/BCPs and emergency plans are not regularly tested to assess their effectiveness in different emergency situations. The new departmental plans are set to be tested as part of the ongoing refresh process (Finding 3 - Medium)
- Business continuity training attendance is not recorded (Finding 4 - Medium).

ADDED VALUE

Templates for after-incident reporting have been provided along with a lessons learnt log at Appendix I-III.

CONCLUSION

Overall, we have concluded that the Council currently have Moderate controls in place and Limited control design for its business continuity and emergency planning arrangements. However, staff capacity has been improved by the appointment of the Health, Safety and Emergency Planning Manager who has led on a significant exercise to refresh the corporate and service BCPs.

At present plans and procedures are not yet being implemented as envisioned. BIAs are often not treated as live documents by the service managers and in many instances, are out of date.

We also found that there has been infrequent testing of both emergency plans and BIAs to ensure that they are robust There is a risk that the Council is therefore limited in its ability to respond to service disruption and emergency events at present.

While the process the Council are currently undertaking to update the corporate and service BCPs should significantly improve business continuity across the Council, our review was undertaken prior to the completion of this. Therefore, as at April 2023, when our fieldwork was completed the control effectiveness was Limited due to service BCPs being outdated and lacking detail and testing and training not being regularly conducted. However, we would expect that this should improve over the coming months, following the BCPs being updated and tested.

DETAILED FINDINGS

1	BUSINESS IMPACT ASSESSMENTS ARE OUT OF DATE AND DO NOT INCLUDE KEY INFORMATION

TOR Risk:	The Council does not have an appropriate business continuity management framework in place and plans are inadequate. The Council has not identified key aspects of the organisation and the critical systems, activities, and resources on which they depend (taking into account external factors, such as suppliers/services it relies on to perform BAU functions).
Significance:	● High

🔍 FINDING

The Council's Business Continuity Policy sets out that each service area should have a Business Continuity Plan (BCP) and that these plans are based on Business Impact Assessments (BIAs). The Government's Business Continuity Management Toolkit (BCMT) indicates that BIAs should be used to identify services and risks associated to them so that further risk assessment and emergency plans can be developed.

In practice however, the Council has a template BIA which is used to document both the BIA and the BCP. The format of the BIA template asks service areas to: identify critical service functions; document the business impact to each function in the event of an adverse incident (including a risk assessment section and an action plan), and provides risk management matrix. It does not place a separate focus on the BCP process.

The Council has BIAs in place for the various service areas, including: Property; Health, Safety and Emergency Planning; Legal; Leisure; Finance and Democratic Services. We established that although all service areas have been covered by the BIAs, due to restructuring, they no longer represent the organisational structure of the Council. The current seven services do not have their own BIAs and instead rely on ones produced for the previous structure.

When we requested BIAs, we found that some service managers were asking for BIAs filled out by previous managers. This indicates that some service managers are unaware of the BIAS for their area. This means they are not regularly updated or easily accessible. Of the six reviewed, five had not been updated since 2020 and the other was last reviewed in 2021. This is not in line with the Business Continuity Policy. However, the Council are currently refreshing its corporate BCP and departmental BCPs which are set to be completed by 30 June 2023. Departmental BCPs will be reviewed by Heads of Service to assess the consistency of quality and that there is no overlap. The Council's target is for these to be approved by the end of July 2023.

Where BIAs were obtained, they were of inconsistent quality, with varying levels of detail. The BIA templates lack fully developed risk management sections. Individual risks are not identified, instead key business interruptions like loss of power or staff are graded. This limits the scope of considerations and does not allow for discussion of specific risks or considerations. In the case of severe risks, there is nothing to indicate whether the risk is being monitored on the corporate risk register.

There is also no opportunity to detail controls that are currently in place to mitigate against risks within the BIA documents. Additionally, some service areas have effectively used the design of the BIA to record impacts that a particular service may have, others however are brief in what they describe and are also brief in what is required to remedy any disruption.

Of the six BIAs assessed, only three provided an adequate level of detail in this area. The Property, Democratic and Finance Service BIAs did not have fully realised impact sections and they all had recovery time objectives (RTO) that did not relate to them. For example, the Finance Service BIA did not identify any impact for disruption to their payroll service for up to a week, yet had an RTO to avoid "irretrievable impacts" of one to four hours. Although critical systems were clearly identified across all BIAs, the risks and requirements they had were not as fully developed.

Actions relating to risks and controls were also underdeveloped across multiple plans. In the Democratic Services BIA, although very high risk had been found, it stated that no actions were identified for electoral registration and the action section was left blank for committee administration. In addition, the Property BIA had 14 actions across all critical functions but only one had a responsible person for implementation. All BIAs had actions that were outstanding, and the Property BIA had eight actions with no comment as to the status of them. How actions were to be measured for success and in what timescale they were to be rolled out is not noted. It could be that the format of the BIA is strengthened by providing a separate section for the action plans (as opposed to an extra column within the risk section), to encourage more consideration to be given. It should also indicate whether the action plan links into any wider Emergency Plans held by the Council and its partners, as well as the formal corporate risk reporting process.

The lack of fully developed BIAs which are regularly updated results in the Council being at risk of not have a solid foundation on which to plan further arrangements. If risks and actions to systems are not being recorded and accessed by necessary personnel, it will be difficult for the Council to gauge whether adequate resources and preparations are in place.

RECOMMENDATION

a. The Council should ensure that its plan to refresh and implement the corporate and departmental BCPs, incorporating the BIAs, is completed in line with its targeted time scale. It should ensure that the following areas are included within these BCPs:
   - A risk management section should include additional risks and allow for the addition of those identified by service areas. The Community Risk Register held by the Local Resilience Forum, can be utilised to aid this as it details top risks including transport and malicious threats that should be considered

b. Following the refresh of the BCPs, all service managers should be reminded that they are responsible for maintaining the BIA/BCPs. The Business Impact Analysis for Health, Safety and Emergency Planning, which although is slightly overdue for review, gives a good indication of the level of detail required and how the BIAs can be best utilised. This could be provided as an example of best practice to Service Managers to enable them to improve their own BIA/BCPs

c. In accordance with the BCP Policy, all BIAs/BCPs should be reviewed periodically or after a significant event to ensure that they are updated in a timely manner. Spot checks on the completion of this should be performed by the Health, Safety and Emergency Planning Manager

d. The format of the BIA document should be reviewed and amended to include a clearer distinction between the BIA and the BCP. A clear section for a detailed action plan should be included within the document

MANAGEMENT RESPONSE

The corporate BCP and all service BCPs are being refreshed as part of a council-wide exercise, with all service managers given a deadline of 30 June 2023 to have these prepared. These will then be reviewed by Heads of Service to ensure that there is no overlap before approval from SLT. These will incorporate the BIA. Following this, the Business Continuity

Policy will be reviewed/updated. BCPs will be live documents and we will continue to expect service managers to maintain responsibility and ownership of the plans, including ensuring they are kept up-to-date.

Responsible Officer:	Francesca Whyley - Head of Governance, Customer Services & Monitoring Officer
	Rebecca Hutchinson - Health, Safety & Emergency Planning Manager
Implementation Date:	31 July 2023

2	THE BUSINESS CONTINUITY PLAN DOES NOT IDENTIFY CLEAR LINKS TO THE WIDER BUSINESS CONTINUITY FRAMEWORK
TOR Risk:	The Council does not have an appropriate business continuity management framework in place and plans are inadequate. The Council has not identified key aspects of the organisation and the critical systems, activities, and resources on which they depend (taking into account external factors, such as suppliers/services it relies on to perform BAU functions).
Significance:	● Moderate

🔍 FINDING

A Business Continuity Policy should produce the framework for which all other continuity and emergency plans should sit within. It should outline the objectives, required procedures and responsibilities an effective continuity management action should contain. This helps to provide a consistent level of diligence and preparation throughout an organisation to prepare for an event that could impact key systems provided.

The Council's Business Continuity Policy is not well defined. It does not clearly link with other documentation produced and used by the Council, such as the BIAs and the emergency plans. The Business Continuity Plans detailed in the Policy are not used by the Council and are instead merged with BIAs. The Business Continuity Plans, as suggested by the Business Continuity Management Toolkit, are to document a set of procedures that deliver continuity of critical systems. However, these are not fully realised within the BIAs in current usage. Critical functions are also not defined within the policy or in the BIAs. Currently, the BIAs evaluate impacts and risks associated to critical functions but do not go on to determine priorities for recovery of systems or fully outline plans for controls to mitigate against disruption. This disconnect between what the policy sets out and what occurs demonstrates a critical gap in continuity planning.

The policy also makes little mention of other emergency plans the Council has available. For example the GBC Emergency Plan is a detailed and purposeful document but the Business Continuity Policy makes no mention of how it sits within the larger continuity framework. It is unclear how the Emergency Plan is to interact with other plans, BIAs and planning as a whole. Additionally, there is no guidance on how significant risks faced by service areas are to be escalated or added to the Council's corporate risk register where necessary. Following the refresh of the corporate and service BCPs, the Council plan to review and update the Business Continuity Policy.

This means that the Council is at greater risk to confusion and lack of cohesion between different aspects of business continuity planning and the necessary communication between teams. The Council faces the potential risk that key considerations have been overlooked or documents are not utilised in an effective manner.

✏️ RECOMMENDATION

The Business Continuity Policy should be updated to reflect:

    a. Current practice with regards to BIAs/BCPs. This should:

- Identify whether the Council will implement separate BIAs and BCPs or further develop the existing BIAs

- Establish whether BIAs/BCPs will cover departments or service areas underneath them (where appropriate)

- Give guidance on what critical functions should be considering, including IT, HR, external suppliers and staff/public health & safety

b. How the Council's Emergency Planning process and plans intersect with BCPs

c. Outline the process for escalating risks to the Risk Register

d. The Policy should be reviewed bienially to ensure that it reflects current practice and in particular that roles and responsibilities and any key contact information is up-to-date.

MANAGEMENT RESPONSE

Following the implementation and testing of the new BCPs we intend on reviewing the Business Continuity Policy and Emergency Policy which we recognise are overdue. This should improve the interlinking of the two documents and the overarching Business Continuity Framework. The policies will stand for a few years so will be reviewed every two years.

Responsible Officer:	Francesca Whyley - Head of Governance, Customer Services & Monitoring Officer
	Rebecca Hutchinson - Health, Safety & Emergency Planning Manager
Implementation Date:	31 December 2023

3	TESTING ON BUSINESS PLANS IS NOT CONDUCTED REGULARLY
TOR Risk:	The plans are not reviewed, kept up to date or exercised therefore no assurance the plans are effective and work as expected
Significance	🟠 Moderate

🔍 FINDING

It is expected that both Emergency Plans and Business Continuity Plans are regularly tested, per the Civil Contingencies 2014 guidance.

Testing ensures that arrangements adequately cover the critical systems they are designed for. Regular testing allows for gaps and shared learning to both be considered in further developments. Conducting these exercises also helps to provide training to the staff involved. As discussed by the BCMT, such exercises can help to embed business continuity management across an organisation.

The Council has participated in exercises as part of the Nottinghamshire LRF, and these have provided general feedback to take into consideration for future arrangements. These have provided an opportunity to apply knowledge and processes outlined in plans produced by the Council and the LRF. However, there is not a formal system inside the Council to test the plans that the Council uses nor is there a timetable that establishes when they are to be tested. This means that there is a risk that current plans have not been analysed to identify gaps and outstanding issues.

Additionally, regular testing has not been conducted across all BIA/BCPs. Of the six we have reviewed; we saw no evidence that they had been exercised or updated. Many of the BIAs/BCPs are out of date (see Finding 1) and have not been accessed by service managers, indicating that they have not been adequately exercised in any form. As these are a core element of business continuity arrangements, they too should be regularly exercised to help identify both areas of strength, to help promote good practice, and weakness, to later improve upon. Following the refresh of all BCPs the Health, Safety and Emergency Planning Manager will be undertaking testing of all service BCPs with Heads of Service and service managers. This will include scenario testing the plans to identify any gaps.

✏️ RECOMMENDATION

a. The Council should develop a regular testing schedule/timetable for BCPs and other emergency plans. This should require all BCPs to be tested periodically or after an event. A combination of tabletop, discussion and live exercises should be used, with more frequent checks to ensure contact information, plan activation procedure and plan objectives are up to date and relevant

b. The Business Continuity Policy should require all service BCPs to be tested biennially, at a minimum, by the Head of Service and service manager, in line with the testing schedule. Heads of Service should be required to confirm that the service plan has been tested to the Health, Safety and Emergency Planning Manager so they can retain a central log for which areas have been tested. Alternatively, due to the Council's small size and limited capacity, it may wish to consider testing the key BCPs, such as finance, ICT, etc more regularly with less frequent testing of other areas. The frequency for each testing in each service area should be agreed and defined in the central log.

👤 MANAGEMENT RESPONSE

There will be detailed testing with each Head of Service and service manager on the BCPs and other emergency plans once they have been refreshed. This will involve scenario testing

to assess how the service BCPs stand up to different scenarios, ie loss of electricity and power in the Council offices. A log can be maintained thereafter and monitored by the Health, Safety and Emergency Planning Manager for annual/periodic testing of BCPs with the confirmation from Heads of Service.

Responsible Officer:	Francesca Whyley - Head of Governance, Customer Services & Monitoring Officer
	Rebecca Hutchinson - Health, Safety & Emergency Planning Manager
Implementation Date:	31 December 2023

4	TRAINING LOGS HAVE NOT BEEN RETAINED FOR STAFF THAT HAVE ATTENDED SESSIONS
TOR Risk:	Training is not undertaken by those involved in implementing the plan
Significance	● Low

🔍 FINDING

Training ensures staff are adequately prepared and familiar with their duties and the procedures that they are to carry out and follow. For business continuity, familiarisation with details of critical systems and the requirements to keep them running are areas that thorough training can support in implementation and support of arrangements.

The Council has taken participated in several events that have been run through the Nottinghamshire LRF to exercise situations and ensure staff understand their roles and the details of responses to events. As part of the process for updating BCPs, the Council held a workshop with service managers to train them on what information needs to be included in their service BCPs, specific incident training on how to respond to an emergency and guidance on training staff on the BCPs. A training log of attendance was maintained for this session and Heads of Service have requested a further session for managers that were unable to attend.

However, while staff will be trained within their department on the new service BCPs once they have been agreed, training logs are not currently kept to record which staff have been trained out on the plans. Training logs would enable the Council to identify further training requirements and thus prioritise specialist training for members of staff who require it. This means the Council is currently at risk to staff being inadequately prepared to situations as although training may have been available, it may not have been attended. Similarly, a training log is in place to record what training the SLT, Heads of Service and managers have completed, including BCP and emergency planning, but the nature of the training completed is not stated.

We were informed that Heads of Service will be responsible for training staff within their service on the contents of the new service BCPs once they have been refreshed and tested.

✏️ RECOMMENDATION

a. Heads of Service should establish a training log to record the attendance of members of staff for any training provided on the new service BCPs
b. The training log for SLT, Heads of Service and managers should be clearer on the nature of the training provided on BCP and emergency planning.

👥 MANAGEMENT RESPONSE

Training has been provided to service managers in preparation for the updating of all service BCPs to ensure that they are aware of what should be included, and also specifically on incident responses. A training log can be recorded for future similar training. Heads of Service will be responsible for ensuring that all staff in their service are aware of the updated service BCPs and understand the processes they need to follow in the event of an emergency.

Responsible Officer:	Francesca Whyley - Head of Governance, Customer Services & Monitoring Officer

	Rebecca Hutchinson - Health, Safety & Emergency Planning Manager
Implementation Date:	31 December 2023

APPENDIX I - AFTER INCIDENT REPORT TEMPLATE

After Incident Report

Conducted on:

At/Via:

Incident Name:

Incident Reference:

Individuals involved in the Meeting were:

Role	Role Holder	Role	Role Holder

Additional Attendees (if required):

Name	Role	Name	Role

Incident detection and escalation:

Command:
Information available:
Communications:
Effectiveness of the plan:
Decisions made:
Response of staff:
Costs and expenses:
Training implications:
Impact on *Organisation*:

Other comments:

APPENDIX II - AFTER INCIDENT REPORT TEMPLATE

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After Incident Report			
Incident Name:		After Incident Report Date:	
Incident Reference:			
Names of Participants:			
Objectives & Success Factors:			
Timeline of events:		Details of Events:	
Areas of Strength:			
Areas of Improvement:			
Key Takeaways:			
Recommendation	Actions	Due Date	Responsible Party

APPENDIX III – LESSONS LEARNT LOG

Lessons Learned Log								
TITLE					**Manager:**			
Date Logged	Incident Reference	Incident Date	Event	Recommendation	Action	Due Date	Responsible Party	Follow Up
date added to log	*Incident reference from report*	*date of incident*	*brief details on event*	*details of change to be implemented*	*specifics on how changes will be implemented*	*when they will be implemented by*	*who is/are responsible for the implementation*	*how will the changes be assessed*

APPENDIX IV – 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 V - TERMS OF REFERENCE

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- The Council does not have an appropriate business continuity management framework in place and plans are inadequate. The Council has not identified key aspects of the organisation and the critical systems, activities, and resources on which they depend (taking into account external factors, such as suppliers/services it relies on to perform BAU functions)

- Planned dependency on IT functionality is not sufficiently coordinated between Business Continuity and Emergency Planning activities

- Significant risks threatening the performance of critical functions in the event of an emergency or disruption are not identified, meaning resources are not focussed in the right areas

- Training is not undertaken by those involved in implementing the plan

- The plans are not reviewed, kept up to date or exercised therefore no assurance the plans are effective and work as expected

- Post incident reporting is ineffective therefore not allowing appropriate lessons to be learned and/or shared. Actions for improvement are not followed up.

SCOPE & APPROACH

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

- **Business Continuity/ Emergency Plans** – we will review these are in place, communicated to staff and published (where there is a positive benefit in doing so). We will review whether these appropriately interact with local service plans and identify key aspects of the organisation and the critical systems, activities and resources on which they depend. We will also review whether they can be easily understood and are not unnecessarily complex

- **Risk assessments** - We will review what risks have been assessed that could potentially threaten the Council's critical functions, and how the Council's risk registers link to the business continuity/emergency plans in place

- **External factors** - We will review how the Council has ensured that organisations delivering services on their behalf or capabilities which underpin service provision can deliver to the extent required in an emergency

- **Training** – It is important that relevant people across the Council are confident and competent in enacting the plan. We will review the training timetable in place (ensuring training takes place before the plan is exercised) and who has received training. We will also review the content of the training ensuring it covers:
  - o The contents of the plan – how is the plan invoked? What are the key decision-making processes? Who else needs to be involved?
  - o Their role in implementing the plan – what is expected of them? How do they fit into the wider picture?
  - o Key skills and knowledge required in crisis response.

- **Exercising** - Under the Act plans cannot be considered reliable until they have been exercised and proved to be workable. We will review the exercising timetable in place and assess whether timescales are appropriate and whether all parts of the plan are covered. We will assess the last two exercises undertaken and ascertain whether the exercise:
  - o Validated the plans to ensure they work

- o Rehearsed key staff ensuring they were familiarised with what is expected of them in a crisis and preparing them for crisis conditions
- o Tested the systems that the Council rely upon to deliver resilience (eg uninterrupted power supply) function correctly and offer the degree of protection expected.

- **Reviewing** – the Act requires category 1 responders to maintain their business continuity plans. We will ascertain:
  - o How frequently the plans are reviewed
  - o Who is involved in the review
  - o Whether they are updated as per an incident or exercise, or changes in key personnel, suppliers or contractors
  - o If plans are updated as per changes to risk assessments or business objectives.

- **Lessons Learnt** – ensure there are lessons learnt reports in place after the plan has been exercised. Review the lessons learnt and resulting action plans, ascertain if actions have been assigned an owner, have been implemented as per the agreed timescales and action taken where dates have been missed.

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.

FOR MORE INFORMATION:

Gurpreet Dulay
Gurpreet.Dulay@bdo.co.uk

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Gedling
Borough Council

Report to Audit Committee

Subject: Internal Audit Draft Annual Report 2022/23

Date: 24 July 2023

Author: Gurpreet Dulay – Internal Audit Director (BDO)

Purpose

To provide 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 2022/23 Internal Audit Plan.

Recommendation(s):

THAT:

  1) **Members to note the draft Internal Audit Annual Report and Head of Internal Audit Opinion for 2022/23**

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1.   Background

1.1   The draft Internal Audit Annual Report and Head of Internal Opinion for 2022/23 provides a summary of Internal Audit's work and assurance for the year from 1 April 2022 to 31 March 2023, in accordance with the Strategic Internal Audit Plan. The conclusion and key findings from each audit have been summarised with the control design and control effectiveness opinion.

1.2   Internal Audit's draft opinion of the Council internal controls is Limited for 2022/23, based on the balance of the opinions issued from our audits in the year, but also due to the ongoing fraud investigation.

2.   Proposal

2.2   The role of internal audit is to provide an opinion to Full Council, through the Audit Committee, 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.

2.3 The draft Internal Audit Annual Report and Head of Internal Audit Opinion provides an overview of the BDO Internal Audit Team activity and opinion of the Council's internal control system for 2022/23.

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 GBC Internal Audit Annual Report 2022/23

7.2 Cyber Security (Annual Report) Exempt

Statutory Officer approval

Approved by the Chief Executive Officer
Date:

Approved by the Monitoring Officer
Date:

INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE - DRAFT

Gedling Borough Council

2022-23

IDEAS | PEOPLE | TRUST

BDO

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SUMMARY OF 2022-23 WORK

Internal Audit 2022-23

This report details the work undertaken by internal audit for Gedling Borough Council (the Council) and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- Corporate Governance and Performance Management

- Cyber Security

- Recruitment and Retention

- Building Control and Development Management

- Workforce Strategy – in progress

- Business Continuity and Emergency Planning

- Remote Working

- Main Financial Systems – in progress

- Counter Fraud and Corruption Strategy – in progress

- Additional IT Work – in progress.

We have detailed the opinions of each report and key findings on pages five to 10. Our internal audit work for the 12-month period from 1 April 2022 to 31 March 2023 was carried out in accordance with the internal audit plan approved by management and the Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Full Council, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the Council's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. Due to ongoing investigations and reviews within the Council, at this stage we are providing a draft opinion with the aim to provide our full opinion for the September 2023 Audit Committee meeting. The basis for forming my draft opinion is as follows:

- We are able to provide the Council with **Limited Assurance** of its system of controls. The Chief Executive has publicly reported that "Gedling Borough Council recently uncovered a significant fraud allegedly involving a member of staff from within the organisation". We have also issued High findings and Limited opinions for other reports, including Business Continuity and Emergency Planning

- Due to vacancies and absences the Council has a small senior leadership team (SLT), impacting the leadership and management of the organisation. We have had positive engagement in the delivery of our 2022/23 internal audit plan and the initial planning stages of our 2023/24 internal audit plan. However, high levels of reliance on few individuals have resulted in delays to some of our work and the completion of our audit fieldwork

- Delays in implementing recommendations continues to be clear from across the Council, with Medium recommendations raised in 2020/21 relating to Health & Safety, Commercialisation and Taxi Licensing that are not yet implemented. This was also identified in our 2021/22 Annual Report where delays in management responses to draft report and implementing recommendations was accredited to staff issues, which we were informed had been solved through recruitment. There is a potential that control weaknesses remain if recommendations are not implemented in a timely manner, exposing the Council to potential risk

- The Council's 2021/22 statutory accounts still have not been signed off by external audit due to the ongoing fraud investigation. Mazar's report to the Audit Committee in March 2023 noted that further substantive testing will be required and the prospective timetable is for the accounts to be signed off in November 2023. The delays to the accounts indicates weaknesses in financial controls and the financial environment, driven by turnover and absence of key finance staff

- In January 2023 the Council identified that it had undercharged for taxi licences by £430,728 between 2016/17 and 2021/22. In the same period it overcharged for vehicle licences by £124,186 and operator licences by £12,542. As a result, the Council has committed to refunding these customers with interest, costing the Council up to £150,000. While these relate to historic transactions, we have considered this as relevant in this Annual Report due to the timing of this being identified.

REVIEW OF 2022-23 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Corporate Governance and Performance Management	-	3	1	Moderate	Moderate	**Conclusion** The Council have an effective full council, committee and reporting structure and maintain work plans for the executive and non-committees through minute taking. However, there is inadequate training delivered which could impact the Council meeting its objectives as well as a lack of reporting to the SLT on gifts and hospitality and the lack of a process in place to encourage committees to undertake regular self-reflection of their effectiveness. Findings: • The member's induction training skills programme did not identify a minimum level of training required from members to be able to conduct their role • A training skills matrix for the SLT or a central record of all training completed to monitor ongoing compliance with mandatory training requirements • Officers gifts and hospitality had not been reported to the SLT at all in 2021/22, as required by the Councils Approved Gifts and Hospitality Code of Practice for Members and Officers 2019 • Committee self-assessments have not taken place to reflect on the performance and areas of improvement for committees.
Recruitment and Retention	-	2	1	Moderate	Moderate	**Conclusion** The Council has had effective reporting mechanisms and monitoring of the recruitment and retention KPIs in place. Additionally, policies and procedures outlined the expected pre-employment checks for new starters. However, there were instances where new starters (internal transfers or external recruits) did not have relevant documentation in

		-				place (signed terms and conditions of employment, PEN1 pension form). The Establishment List, which details all long-term vacant posts, was not kept up-to-date. Findings: • From our sample testing of new starters we noted that not all individuals had a signed statement of conditions or PEN 1 form retained on file. Some starter forms were also completed late which could delay other subsequent checks, including DBS checks • The Establishment list, detailing posts that have been vacant for over a year, was not kept up to date following the budget being removed for these roles.
Building Control and Development Management	-	1	1	Substantial	Substantial	<u>Conclusion</u> The Council's management of building control and development management is in a strong position. There is an appropriate level of structure in place, roles and responsibilities are clear, a dedicated LDP is in place which sets out the strategic planning policies which are clearly referred to when planning officers at the Council justify their decisions. However, we identified that inspection notes had not been recorded in Uniform in three of the 10 building control applications that were reviewed, due to issues around one officer's use and understanding of the system. Internal procedure notes were not in place for building control and development management, which may have contributed to this. Findings: • There were some building control inspections that were not recorded on the Uniform system. We were informed that all three related to the same individual where the Council had experienced issues in them using the system effectively • There are no internal procedural guidance notes available to staff to document the processes, timelines and responsibilities of roles relating to building control and development management.
Remote Working	-	1	2	Substantial	Moderate	<u>Conclusion</u> The Council had reasonable processes in place to support staff through remote working, with biennial staff surveys focused on addressing staff wellbeing. Furthermore, technology issued to staff was recorded centrally and there were adequate security controls around the configuration of devices. However, staff had been provided with devices and equipment without completing a DSE assessment or a fully combined assessment. Furthermore, there is not a process in place

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						for monitoring furniture that has been issued to staff, although our sample testing identified that this is rare. Findings: • Employees had not completed DSE assessments or fully combined assessments prior to being given devices by the Council, and the request forms had not been signed the line manager in the majority of cases • There is no formal process for monitoring furniture issued to staff • The Flexible and Agile Working Policy was last updated in October 2019 and does include requirements for staff to complete self-assessments.
Workforce Strategy				In Progress	In Progress	In Progress
Business Continuity and Emergency Planning	1	2	1	Moderate	Limited	Conclusion At present, the Council's business continuity planning (BCP) arrangements were inadequate, with corporate and service plans out of date and not aligned with the emergency plans. However, following the appointment of the Health, Safety and Emergency Planning Officer, a process is ongoing to refresh the corporate BCP and service BCPs by the end of July 2023. These will be subject to scenario testing with Heads of Service who will be responsible for ensuring staff are sufficiently trained on their local BCP. Therefore, there is a positive direction of travel for BCP within the Council, but there were many gaps with arrangements at the time of our review. Findings: • Service BCPs were out of date, and following the restructure, did not reflect the current structure of the Council. Service BCPs that were in place were inconsistent in quality and the key controls to mitigate the risks identified were not recorded • The corporate and service BCPs did not have clear links into the Council's wider strategic framework, notably emergency plans, potentially leading to a lack of cohesion between the documents • There has not been annual testing on the Council's current BCPs, although the new service BCPs will be subject to testing with Heads of Service • Training has been delivered through the Nottinghamshire Local Resilience Forum (LRF) and to service managers to support them to develop the new service BCPs, however, training attendance logs to monitor who has received the training on the service BCPs are not in place.
Main Financial Systems				In Progress	In Progress	In Progress

Counter Fraud and Corruption Strategy	In Progress	In Progress	Due to the ongoing fraud case that has been publicly reported by the Council, as at June 2023 this work is ongoing and we have been unable to conclude our work and provide an opinion until further investigations on the fraud have been presented.

SUMMARY OF FINDINGS

RECOMMENDATIONS AND ASSURANCE DASHBOARD

Recommendations

2020/21	2021/22	2022/23

■ High ■ Medium ■ Low
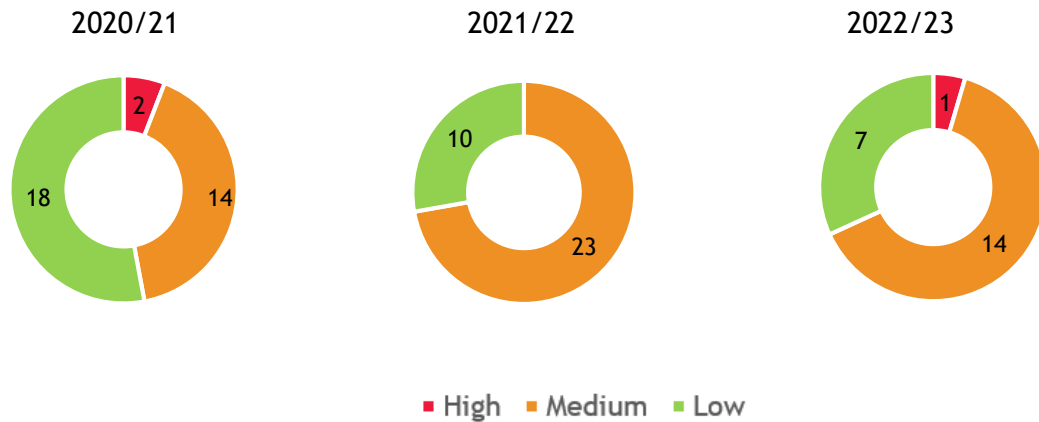
In 2022-23 there were a total of 22 recommendations, of which 15 are either High or Medium recommendations. This does exclude the reviews that are currently in draft or in progress.

The number of High or Medium recommendations has reduced but the proportion of these based on the overall number of recommendations has increased from 2021-22.

Control Design
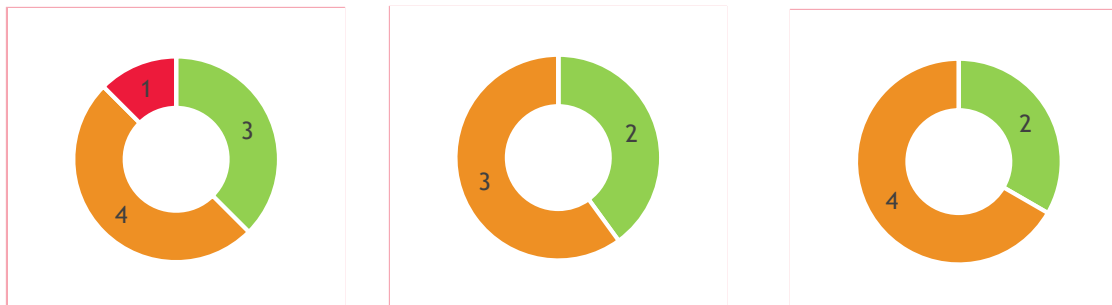
In 2022-23 there were four Moderate and two Substantial opinions for control design. Compared to 2021-22, the control environment has weakened from across the areas we reviewed.

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Operational Effectiveness
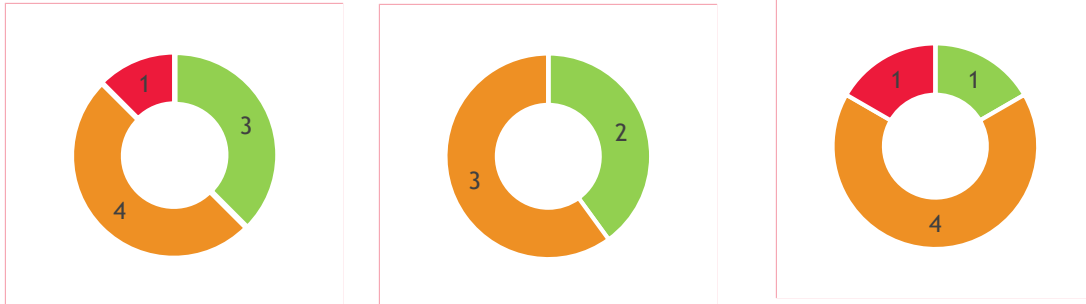
In 2022-23 there were one Limited, four Moderate and one Substantial control effectiveness opinions issued. There were no Limited control effectiveness opinions, and so the overall trend has been that process have weakened.

Substantial   Moderate   Limited   No

ADDED VALUE

USE OF SPECIALISTS

We obtained several financial data sets and carried out a data analytics exercise to identify exceptions within the data. IT and system speciliasts have been deployed on our additional piece of work in reviewing systems and control following the fraud investigation.

RESPONSIVE AND FLEXIBLE

In lieu of the public fraud case, we have been flexible in our provision of resources and in our delivery of the internal audit plan. This has supported the Council to manage emerging risks that are central to its current operations.

BENCHMARKING AND BEST PRACTICE

We provided benchmarking and best practice templates that the Council could use, including incident management reporting templates in the Business Continuity and Emergency Planning review.

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KEY THEMES
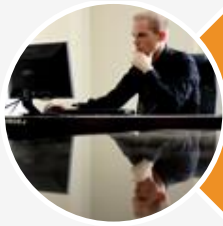
PEOPLE

The Council welcomed our internal audits and provided us with reasonable levels and support to deliver our reviews. However, resourcing challenges and staff absences has led to delays in the completion of the plan.

GOVERNANCE & STRUCTURES

Monitoring and governance processes were robust and strong team structures were identified within several of our reviews, including Corporate Governance and Performance Management and Recruitment and Retention. However, the Council's leadership team has reduced significantly placing high reliance on the Chief Executive.

POLICIES & PROCEDURES

Policies and procedures were in place with a clear approval process and frameworks. However, from our reviews we identified various policies that were out of date, including the Flexible and Agile Working Policy.
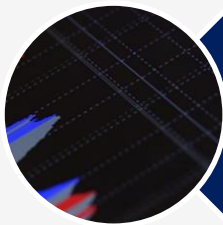
FOLLOW UP

In January 2023 18 recommendations were followed up of which seven were complete, nine were in progress and two were overdue. At our June 2023 follow up there were some 2019/20 recommendations which were still outstanding, indicating potential exposure to risks that are not being effectively controlled.

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BACKGROUND TO ANNUAL OPINION

Introduction

Our role as internal auditors to Gedling Borough Council (the Council) is to provide an opinion to the Full Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the 12-month period from 1 April 2022 to 31 March 2023 was carried out in accordance with the internal audit plan approved by management and the Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

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. It also summarises the activities of internal audit for the period.

Scope and Approach

Audit Approach

We have reviewed the control policies and procedures employed by the Council to manage risks in business areas identified by management set out in the 2022/23 Internal Audit Annual Plan approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Council's management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review

- Reviewing the written policies and procedures and holding discussions with management to identify process controls

- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage

- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place

- Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

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The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Reporting Mechanisms and Practices

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

Management actions on our recommendations

Management were engaged with the internal audit process and provided considerable time to us during the fieldwork phases of our reviews, however, due to resource challenges and staff engagement, audit evidence was not always provided promptly causing delays in our audit fieldwork. Opportunities to discuss findings and recommendations prior to the issue of draft internal audit reports were given due to closing meetings. Management responses to draft reports were mostly not provided within our requested time frame, therefore, there were some instances where the turnaround of draft reports was slow.

Recommendations follow-up

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment. There has been a low level of implementation of recommendations, including some recommendations from 2019/20 that are not yet implemented, exposing the Council to risks in its arrangement.

Relationship with external audit

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

Report by BDO LLP to Gedling Borough Council

As the internal auditors of Gedling Borough Council we are required to provide the Audit Committee, and the Director with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides the Council with **Limited Assurance** that there are no major weaknesses in the internal control system for the areas reviewed in 2022/23. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2022/23

- Any follow-up action taken in respect of audits from previous periods for these audit areas

- Whether any significant recommendations have not been accepted by management and the consequent risks

- The effects of any significant changes in the organisation's objectives or systems

- Matters arising from previous internal audit reports to the Council

- Any limitations which may have been placed on the scope of internal audit – no restrictions were placed on our work

Report by BDO LLP to Gedling Borough Council

KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
Quality of work	Feedback from our work was positive and recommendations were agreed with management prior to finalisation of reports. We issue a survey after each audit and received a score of 5/5 on the value added by our work.	🟢
Effective planning	We completed many of our reviews in the first three quarters of the year however, there have been limitations due to staffing challenges within the Senior Leadership Team and the impact of the ongoing fraud investigation has led to some delays to our work. We have prepared draft terms of reference for all 2023/24 reviews.	🟠
Completion of the audit plan	We have finalised reports for most audits in the 2022/23 internal audit plan, with delays to some reviews caused by resource challenges and the ongoing fraud investigation.	🟠
Follow-up of recommendations	We followed up all recommendations issued during the year and all outstanding recommendations from prior years as they fall due.	🟢

We will obtain feedback during the year upon finalisation of each report and feed the results back to the Audit Committee.

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

ANNUAL OPINION DEFINITION	
Substantial - Fully meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
Moderate - Significantly meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
Limited - Partly meets expectations	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
No - Does not meet expectations	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
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 noncompliance 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	
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

Gurpreet.Dulay@bdo.co.uk

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