

# Agenda

## **Audit Committee**

Date: **Tuesday 23 July 2024**

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Time: **6.00 pm**

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Place: **Council Chamber**

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For any further information please contact:

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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 Catherine Pope  
Councillor Ruth Strong

### **WEBCASTING NOTICE**

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### **Responsibility of Audit Committee:**

#### **Statement of purpose**

- a) The Audit Committee is a key component of Gedling Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- b) The purpose of the Audit Committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Gedling Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

#### **Governance, risk and control**

- c) To review the Council's corporate governance arrangements including the Local Code of Corporate Governance.
- d) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal

audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

e) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

f) To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

g) To consider and monitor the effective development and operation of risk management in the council.

h) To monitor progress in addressing risk-related issues reported to the committee.

i) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

j) To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

k) To consider and monitor the counter-fraud strategy, actions and resources.

### **Internal audit**

l) To approve the internal audit charter defining the role and scope of internal audit.

m) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

n) To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.

o) To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.

p) To consider the Head of Internal Audit's annual report confirming compliance with auditing standards and the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control - these will assist the committee in reviewing the Annual Governance Statement.

q) To consider summaries of specific internal audit reports as requested.

r) To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

s) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

t) To support effective communication with the Head of Internal Audit.

### **External audit**

u) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

v) To consider specific reports as agreed with the external auditor.

w) To comment on the scope and depth of external audit work and to ensure it gives value for money.

x) To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Financial reporting**

y) To consider and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

z) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

**Accountability arrangements**

aa) To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

## AGENDA

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| 1  | <b>Apologies for absence</b>  |           |
| 2  | <b>To approve, as a correct record, the minutes of the meeting held on 19 March 2024</b>                            | 7 - 9     |
| 3  | <b>Declaration of interests</b>   |           |
| 4  | <b>Appointment of co-opted Audit Committee member</b><br>Report of the Deputy Chief Executive                       | To Follow |
| 5  | <b>Corporate Risk Management Scorecard Quarter 4 2023/24</b><br>Report of the Chief Finance and Section 151 Officer | 11 - 32   |
| 6  | <b>Internal Audit Progress Report</b><br>Report of the Internal Audit Partner at BDO                                | 33 - 58   |
| 7  | <b>Internal Audit Follow Up Report</b><br>Report of the Internal Audit Partner at BDO                               | 59 - 83   |
| 8  | <b>Internal Audit Draft Annual Report 2023/24</b><br>Report of the Internal Audit Partner at BDO                    | 85 - 108  |
| 9  | <b>Counter Fraud Risk Assessment</b><br>Report of the Internal Audit Partner at BDO                                 | 109 - 136 |
| 10 | <b>Any other item which the Chair considers urgent.</b>   |           |

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## **MINUTES AUDIT COMMITTEE**

**Tuesday 19 March 2024**

Councillor Kyle Robinson-Payne (Chair)

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

Officers in Attendance: T Adams, B Hopewell and F Whyley

**30 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS.**

None.

**31 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 12 DECEMBER 2023**

**RESOLVED:**

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

**32 DECLARATION OF INTERESTS.**

None.

**33 LOCAL CODE OF CORPORATE GOVERNANCE**

Councillor Greensmith joined the meeting.

Consideration was given to a report of the Monitoring Officer, which had been circulated in advance of the meeting, seeking approval for the updated Local Code of Corporate Governance 2024/25.

**RESOLVED:**

To approve the Local Code of Corporate Governance for 2024/25.

**34 RISK MANAGEMENT STRATEGY**

Consideration was given to a report of the Interim Corporate Director, which had been circulated in advance of the meeting, seeking approval to recommend a new Risk Management Strategy to Cabinet for adoption.

**RESOLVED:**

To recommend to Cabinet, the adoption of the Risk Management Framework detailed at Appendix 1 to the report.

**35 RECRUITMENT OF INDEPENDENT CO-OPTED MEMBERS**

Consideration was given to a report of the Interim Corporate Director, which had been circulated in advance of the meeting, seeking approval to commence recruitment for two co-opted members on to Audit Committee.

**RESOLVED to:**

- 1) Authorise the Interim Corporate Director to commence the recruitment process for two independent co-opted members to join the Audit Committee;
- 2) Establish an interview panel of 3 members drawn from the membership of the Audit Committee; and
- 3) Agree that the panel, shall bring a recommendation as to appointment to Council.

**36 QUARTER 3 RISK SCORECARD**

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

**RESOLVED to:**

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

**37 INTERNAL AUDIT PROGRESS REPORT**

Consideration was given to a report of the Internal Audit Partner (BDO), which had been circulated in advance of the meeting, summarising the outcome of the internal audit activity completed by the BDO Internal Audit Team for the period January to March 2024.

**RESOLVED:**

To note the progress of the delivery against the 2023/24 Internal Audit Plan, including the Executive Summary for the following audit reports: Community Health and Wellbeing and Generating External Income.

**38 INTERNAL AUDIT PLAN 2024/25**



Consideration was given to a report of the Internal Audit Partner (BDO), which had been circulated in advance of the meeting, detailing the three-year Internal audit Plan for 2024/25 – 2026/27 for Gedling Borough Council.

**RESOLVED:**

To approve the Internal Audit Plan for 2024/25 – 2026/27.

**EXCLUSION OF THE PRESS AND PUBLIC.**

Councillor Robinson-Payne moved that under Section 100(A)(4) of the Local Government Act 1972 the public and press be excluded from the meeting during consideration of the ensuing report on the grounds that the report involves the likely disclosure of exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

**RESOLVED:**

That, the Members being satisfied that the public interest in maintaining the exemption outweighs the public interest in disclosing the information that under Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during the consideration of the ensuing reports on the grounds that the report involves the likely disclosure of exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

**39 CONFIDENTIAL REPORT ON AGRESSO - EXEMPT**

Consideration was given to a report of the Internal Audit Partner (BDO), which had been circulated in advance of the meeting, presenting a review of Agresso IT Controls to the Audit Committee and identifying control weaknesses in the set-up of the finance system.

**RESOLVED:**

To note the outcome of the BDO report on the Agresso IT Controls.

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

None.

The meeting finished at 7.15 pm

Signed by Chair:  
Date:

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## Report to Audit Committee

**Subject:** Corporate Risk Management Scorecard Quarter 4 2023/24

**Date:** 23 July 2024

**Author:** Chief Finance and Section 151 Officer

### 1. Purpose of the Report

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

#### **Recommendations:**

#### **That Members:**

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

### 2. Background

The current Risk Management Strategy & Framework was last considered and approved by the Cabinet in October 2017. A new Risk Management Framework which includes a strategy, policy, risk appetite statement and a risk management toolkit was approved and adopted at Cabinet on 28 March 2024. The new processes will be implemented for Quarter 2 2024/25, with Quarter 1 following the current process.

As part of the new Risk Management Strategy, a process review of internal risk management and risk registers has been undertaken with a view to making the system and reporting of risks more automated. A system has been procured and the transition of risks to the new risk matrix is currently underway.

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

includes the monitoring of the framework and ensuring the implementation of all audit actions.

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

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

### **3. Corporate Risk Register**

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

The Corporate Risk Register and supporting comments as at the end of March 2024 are appended to this report, and this includes a summary of all control gaps identified on the Council's Corporate Risk Register at quarter 4.

### **4. Financial Implications**

None arising directly from this report.

### **5. Legal Implications**

None arising directly from this report.

### **6. Equalities Implications**

None arising directly from this report.

### **7. Carbon Reduction/Environmental Sustainability Implications**

None arising directly from this report.

### **8. Appendices**

Appendix 1 - Corporate Risk Register Monitoring – Quarter 4, period ending 31 March 2024

Appendix 2 - Risk Management Scoring Matrix

Appendix 3 – Risk Definitions

**Statutory Officer Approval**


**Approved by: Chief Financial Officer**


**Date:**


**Approved by: Monitoring Officer**

**Date:**

## Appendix 1 - Corporate Risk Register Monitoring – Quarter 1 – Period Ending 31 March 2024

1	<p><b>FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET</b></p> <p><b>Owner:</b> Head of Finance &amp; ICT</p> <p><b>Current Risk:</b> GREEN B2, low likelihood / minor impact</p> <p><b>Direction of Travel:</b> 22/23 Q1 D3; Q2 D3; Q3 B3; Q4 B1. 23/24 Q1 B1; Q2 B1; Q3 B2; Q4; B2 </p> <p><b>Definition:</b></p> <p><i>Shorter term implications of overspending budgets or not collecting as much income as forecasted. This can cause adverse impact on Council balances.</i></p> <p><b>Key Risk Driver:</b> Financial Impact</p> <p><b>Raw Risk:</b> RED E3, very high likelihood / serious impact (£50k - £500k)</p> <p><b>Commentary:</b></p> <p>Budget monitoring reports are presented to Cabinet on a quarterly basis, and reflect a review of current year budgets and spend to date. They also recognise any trends (both underspends and overspends) as reported in the year-end outturn report.</p> <p><u>Actions completed to quarter 4:</u></p> <ul style="list-style-type: none"> <li>• Quarter 1 budget monitoring report was presented to Cabinet on 7<sup>th</sup> September 2023. This reported a forecast NIL variance at year end.</li> <li>• Quarter 2 budget monitoring was reported to Cabinet on 9 November 2023 this reported an overall underspend, however there were significant departmental overspends identified which if not controlled could change the overall position at Quarter 3 and therefore increase the risk.</li> <li>• Quarter 3 budget monitoring report was reported to Cabinet on 31 January 2024, whilst it showed a balanced budget position, some significant overspends have been identified in some service areas which have been addressed with appropriate heads of service. The overspends can be offset with additional income and savings</li> </ul>
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	<p>from other service areas thus maintaining a balanced budget position.</p> <ul style="list-style-type: none"> <li>• Outturn for 2023/24 achieved an overall underspend of £107,875 however there were some significant overspends in the Environment Department of £1.3m, predominately in Waste Services and Fleet. Whilst the overspend has been covered by underspends in other areas it has meant that this money was not added to the general fund reserve and will have an impact on the Councils Medium Term Financial Plan. For this reason the risk has remains at an increased level which was reported at Quarter 3.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Zero based budget exercises are being planned for the PASC &amp; Waste and will commence for the 2025/26 budget. More in depth budget monitoring will be undertaken in 2024/25 and budget managers have been informed of increase scrutiny around budget monitoring.</li> </ul>
2	<p><b>FAILURE TO MAINTAIN FINANCIAL INTEGRITY</b></p> <p><b>Owner: Head of Finance and IT</b></p> <p><b>Current Risk: RED E4, very high likelihood / major impact £500k to £1m</b></p> <p><b>Direction of Travel: 22/23 Q1 E4; Q2 E4; Q3 E4; Q4 E4. 23/24 Q1 E4; Q2 E4; Q3 E4; Q4 E4</b> </p> <p><b>Definition:</b></p> <p><i>Affecting the ability of the Council to meet its financial commitments in the longer term.</i></p> <p><b>Key Risk Driver:</b> Financial Impact</p> <p><b>Raw Risk Value:</b> RED E5, very high likelihood / critical impact (£1M+)</p> <p><b>Commentary:</b></p> <p>The preparation of a balanced budget is a fundamental requirement placed on all local authorities, and this can only be achieved by the control of expenditure and the maintenance or improvement in income. The main financial risk issue continues to be the delivery of the ongoing £3,558,900 efficiency target against a backdrop of pay rises,</p>

	<p>fuel and energy price increases, and national pressures around the future of local government funding.</p> <p><u>Actions completed to quarter 4:</u></p> <ul style="list-style-type: none"> <li>• The Medium-Term Financial Plan was presented to Council on 6 March 2024 as part of the 2024/25 General Fund Revenue Budget report. It set a future efficiency target of £3,558,900 with £833,700 identified and approved for delivery, with a further £500,000 expected from efficiencies identified through digital transformation. The remaining £2,225,200 have been partially identified but are in the early days of development. Plans will be worked up into viable proposals and presented during 2024/25.</li> <li>• Proposed Efficiencies were agreed by Portfolio Holder for delivery in 2024/25, 2025/26 and 2026/27.</li> <li>• Completion of additional Internal Audit work required on main financial systems in response to the alleged fraud in 2022, and ongoing liaison with External Audit.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Development of a Procurement and Contract Management Strategy to ensure value for money in purchasing. This will reflect the recommendations arising from the internal audit reviews of both Contract Management and Procurement. It will also need to reflect changes arising from the new UK Procurement Act. TARGET DATE: August 2024.</li> <li>• Development and implementation of a Charging Strategy to maximise current income streams and identify new income opportunities in accordance with all relevant statutory and corporate requirements. TARGET DATE: August 2024.</li> </ul>
3	<p><b>FAILURE TO PROTECT STAFF, INCLUDING HEALTH &amp; SAFETY ISSUES</b></p> <p><b>Owner: Corporate Director</b></p> <p><b>Current Risk: AMBER B3, significant likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 B3; Q2 B3; Q3 C3; Q4 C3 23/24 Q1 C3; Q2 C3; Q3 C3; Q4; Q4 B3</b></p> <p><b>Definition:</b></p> 



*Ineffective systems, processes and equipment that can present danger to individuals or groups of employees.*

**Key Risk Driver:** Health & Safety

**Raw Risk Value:** RED D4, high likelihood / major impact (loss of life / major illness)

**Commentary:**

All staff should feel safe at work and be protected against all dangers wherever possible.

Actions completed to quarter 4:

- The rollout of the new Civic centre emergency evacuation procedure was implemented in quarter 3, with one test completed and more carried out for quarter 4.
- Health and Safety internal audit was completed in quarter 3 with an overall moderate assurance, there were some actions around risk management with training highlighted. Resourcing improved in quarter 4 as the Health & Safety Officer returned from maternity leave.
- Inspections were conducted as planned and are going well.
- A 5-year health & Safety training plan has been completed and is awaiting budget approval, with courses being undertaken for the current year as per the plan.
- A new occupational health contract is in place which is monitored monthly by the Health & Safety advisor, this included agency staff.
- Reactech has been implemented and is providing better control for monitoring HAVS.

Actions outstanding:

- To continue with the programme of health and safety inspections to determine the corporate-wide risk position and ensure the delivery of mitigation actions to address identified risks. TARGET DATE: April 2025.
- Review of lone worker devices and procurement of solution. TARGET DATE September 2024.
- Thorough review of Risk Assessments In the Environment Department TARGET DATE September 2024.

4

**FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY**

**Owner: Head of HR, Performance & Service Planning**

**Current Risk: AMBER C3, significant likelihood / serious impact**

**Direction of Travel: 22/23 Q1 C3; Q2 C3; Q3 C3; Q4 C3.  
23/24 Q1 C3; Q2 C3; C3; Q4 C3**



**Definition:**

*Associated with the particular nature of each profession, internal protocols, managerial abilities, and sickness levels.*

**Key Risk Driver:** Service Provision


**Raw Risk Value:** AMBER C3, significant likelihood / serious impact (significant elements of a service suspended / reduced)

**Commentary:**

Like nearly all councils, Gedling is experiencing difficulties with recruitment, particularly with professional roles such as planning and finance. Uncertainty also still remains in the future if, for example, funding reductions impact upon the Council's ability to deliver public services.

Actions completed to quarter 4:

- Pentana is now more actively used by officers to manage projects, risks, audit recommendations, carbon management actions, equality actions which will provide an indicator where officers are struggling to deliver due to capacity issues.
- Discussions have been had within Corporate Management Team to share experience and ideas for improving recruitment and retention, some teams have adopted "grow your own" approach and in some areas career grading has been used to attract candidates successfully.
- HR have met with comms to look at the recruitment page and individual recruitment campaigns to try and attract candidates.
- Staff survey was launched with all staff with results to be fed to Heads of Service to develop action plans for their services to improve on areas where staff have identified issues.
- A new Workforce Strategy was prepared and approved in quarter 4 which set out actions for improvement.
- High internal audit finding - there were low completion rates of Performance Development Reviews (PDR) in 2022/23 which impacts the Council's ability to fully review the skills base of all staff and ensure staff have the necessary skills and tools - including training - to undertake their roles, deliver to expected standards and ensure future development opportunities. A new programme of PDRs was promoted and undertaken for 2023/24, whilst there are some areas that still have low completion rates,

	<p>there has been a much-improved position across most of the Council.</p> <ul style="list-style-type: none"> <li>• Continue the review of agile working arrangements currently in place, forming a view on future work needs and requirements, and determining a strategy that will have a positive impact on recruitment and retention of staff. A review of the use of office and desk space / patterns of working within the Civic Centre has been completed.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Continue to monitor the national review of the impact of the national living wage on local government pay scales and assess the impact for Gedling. TARGET DATE: n/a.</li> <li>• Investigate opportunities for the introduction of apprenticeships in areas experiencing particular recruitment issues. TARGET DATE September 2024.</li> <li>• Continue to work with the universities to facilitate the Supported Intern Placement Programme. TARGET DATE: n/a.</li> <li>• Review recruitment options, including a refresh of the website recruitment pages, and which enhances the Council's offer in terms of flexible working and accessibility. TARGET DATE: September 2024.</li> <li>• To monitor the impact of workforce capacity on delivery of the Gedling Plan and compliance with governance requirements by identifying practical measures to reduce the pressure within teams and the fragility of some services. TARGET DATE: September 2024.</li> <li>• Senior Management Restructure in underway to increase capacity at senior level.</li> </ul>
5	<p><b>FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS</b></p> <p><b>Owner: Head of Finance &amp; IT</b></p> <p><b>Current Risk: Red D3, high likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 C3; Q2 C3; Q3 C3; Q4 C3. 23/24 Q1 C3; Q2 C3; Q3 D3; Q4 D3</b></p> 

**Definition:**

*The capacity of the Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. Challenges over the security, storage and retention of both electronic and manual records, and data.*

**Key Risk Driver:** Objectives

**Raw Risk Value:** RED D4, high likelihood / major impact (directorate objectives not met)

**Commentary:**


Good IT is key to the delivery of efficient Council services, and the development of a coherent Digital Strategy is essential.


**Actions completed to quarter 4:**

- SLT received the findings of the external review of the ICT service, evaluating current service provision and resourcing (baseline review).
- Emergency Response Plan for cyber security incidents approved by SLT.
- An external consultant Change Network was procured to prepare an IT Strategy, road map and target operating model for ICT, this was completed in January 2024. The Strategy has identified some weaknesses in the ICT which are currently being addressed as part of the road map.
- Information Security Policy was reviewed and approved by Cabinet on 7 September 2023.
- Completion of the ICT Strategy and other outputs from Change Network working with the Digital Transformation team. The Digital, Data and Technology Strategy was approved by cabinet in March 2024.
- Senior Management Restructure has put in place a Transformation Director part of which is focussed around ensure the Councils ICT infrastructure is fit for purpose. This is supported by an Assistant Director for Digital transformation.



**Actions outstanding:**

- Deliver of year 1 of the Digital, Data & Technology Roadmap.

	<ul style="list-style-type: none"> <li>• Recruitment of an Assistant Director of ICT TARGET DATE July 2024.</li> <li>• Recruitment of additional ICT posts to deliver the Strategy. TARGET DATE September – December 2024.</li> <li>• Interim Resource for Cyber Risk TARGET DATE July 2024</li> </ul>
6	<p><b>FAILURE TO PROTECT &amp; UTILISE PHYSICAL ASSETS</b></p> <p><b>Owner: Head of Regeneration &amp; Welfare</b> </p> <p><b>Current Risk: RED C4, significant likelihood / major impact</b></p> <p><b>Direction of Travel: 22/23 Q1 C3; Q2 C3; Q3 C3; Q4 C3. 23/24 Q1 C3; Q2 C4; Q3; C4; Q4 C4</b></p> <p><b>Definition:</b></p> <p><i>Buildings that are fit for purpose, safe, secure, and meet legislative requirements for fire, asbestos, and water-testing. Land, buildings and other assets to be recorded on a database.</i></p> <p><b>Key Risk Driver:</b> Health &amp; Safety</p> <p><b>Raw Risk Value:</b> RED D4, high likelihood / major impact (loss of life / major illness)</p> <p><b>Commentary:</b></p> <p>The Council owns and manages a number of buildings and it is important that these are all checked on a regular basis and maintained through an up-to-date Asset Management Plan and Strategy. In addition the Council has some management/maintenance responsibility for joint use buildings such as Leisure Centres which are important assets in delivering the Leisure function. The risk in this area has increased due to some issues at Carlton Forum leisure centre drainage. The risk is being managed but the Council is working with the County Council to mitigate risk in the longer term.</p> <p><u>Actions completed to quarter 4:</u></p> <ul style="list-style-type: none"> <li>• General condition surveys are now in place for the majority of the main operational estate.</li> <li>• A new compliance regime has been introduced for all Council assets (fire, asbestos, water testing).</li> </ul>

	<ul style="list-style-type: none"> <li>• Some toilets have been closed at Carlton Forum Leisure Centre to address the current drainage issues. Proposed maintenance works are being carried out in the school holidays. There is still a query around the joint use agreement responsibilities for this work.</li> <li>• Asset Management surveys are being hindered by lack of an integrated asset management system, with asset details held on multiple spreadsheets and folders.</li> <li>• Compliance management arrangements have been introduced across pavilions and community centres and conditions surveys being introduced in 2024/25.</li> <li>• Budget has been approved to carry out outstanding Condition surveys in 2024/25. All compliance checks have now been transferred to property services in line with a corporate landlord approach.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Cyclical update of property condition surveys, starting with those about to expire e.g. pavilions. TARGET DATE: to commence in March 2024.</li> <li>• Produce a new Property Asset Management Plan. TARGET DATE: September 2024.</li> <li>• Review the suitability of Council-owned temporary accommodation and establish a short and long term maintenance programme. TARGET DATE: July 2024.</li> </ul>
7	<p><b>FAILURE TO REACT TO CHANGES IN LEGISLATION</b></p> <p><b>Owner: Corporate Director</b></p> <p><b>Current Risk: AMBER C3, significant likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 C3; Q2 C3; Q3 C3; Q4 C3. 23/24 Q1 C3; Q2 D3; Q3 D3; Q4 C3</b></p> <p><b>Definition:</b></p> 

	<p><i>Associated with current or potential changes in national or European law which can lead to possible breaches of legislation. Assessing the wider implications of new legislation on both the Council and its residents.</i></p> <p><b>Key Risk Driver:</b> Financial Impact</p> <p><b>Raw Risk Value:</b> RED D4, high likelihood / major impact (£500k - £1m)</p> <p><b>Commentary:</b></p> <p>Legislation changes are progressed through parliament and can ultimately affect any Council service. A watching brief on their progression from Bills to Acts is therefore essential. The risk in this area increased in quarter 2 following the introduction of mandatory qualification requirements for Building Control officers which must be obtained before 1<sup>st</sup> April 2024. This is impacting the current workforce and will impact on the ability to deliver the statutory building control function if qualification is not completed.</p> <p><u>Actions completed to quarter 4:</u></p> <ul style="list-style-type: none"> <li>• Building Control staff are being supported through the qualification this action is ongoing. One member of staff is fully qualified.</li> <li>• A contract to carry out Building Control Inspections has been entered into with Erewash Borough Council for a period of 6 months, therefore the risk has been reduced but still needs to be monitored.</li> <li>• Draft Procurement rules have been written and additional resource has been secured to progress the procurement strategy.</li> <li>• Officers are undertaking in-depth procurement training.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• New waste reforms were announced by government on 23 October 2023 to improve and simplify the approach to waste collections in England, such as the introduction of a free weekly food waste collection, a plan for implementation of simpler recycling and food collection is currently underway. TARGET DATE: September 2024</li> <li>• Changes to the procurement act are expected to come into force in October 2024.</li> </ul>
8	<p><b>FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES</b></p> <p><b>Owner: Head of Finance &amp; IT</b></p>

	<p><b>Current Risk: AMBER C3, significant likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 B3; Q2 B3; Q3 C3; Q4 C3. 23/24 Q1 C3; Q2 C3; Q3 C3; Q4 C3</b> </p> <p><b>Definition:</b></p> <p><i>Associated with the failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.</i></p> <p><b>Key Risk Driver:</b> Financial Impact</p> <p><b>Raw Risk Value:</b> RED D3, high likelihood / serious impact (£50k - £500k)</p> <p><b>Commentary:</b></p> <p>This risk focusses on perceived weaknesses in the procurement and contract management processes.</p> <p><u>Actions completed to quarter 4:</u></p> <ul style="list-style-type: none"> <li>• The implementation of some actions resulting from the Contract Management and Procurement internal audits.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Implementation of the new Contract Register and Contract Management module as part of the Intend procurement system. TARGET DATE: September 2024.</li> <li>• Review indemnity clauses in terms and conditions for new contracts to ensure that they reflect the Council's risk appetite. TARGET DATE: July 2024.</li> </ul>
9	<p><b>INABILITY TO DEFEND ONE-OFF CHALLENGES TO A COUNCIL DECISION OR NEW COMPENSATION TREND EMERGES</b></p> <p><b>Owner: Corporate Director</b> </p> <p><b>Current Risk: GREEN A3, very low likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 A3; Q2 A3; Q3 A3; Q4 A3.</b></p>



**23/24 Q1 A3; Q2 A3; Q3 A3; Q4 A3**

**Definition:**

*Councils are increasingly vulnerable to judicial reviews and new compensation claims.*

**Key Risk Driver:** Financial Impact

**Raw Risk Value:** RED E3, very high likelihood / serious impact (£50k - £500k)

**Commentary:**

These may arise as a result of a national policy change, Council decision, or lack of action.

Actions completed to quarter 4:

- As reported to Environment and Licencing Committee in January 2023, some taxi licensing fees were overcharged, and a process of refunds is now operational. A new methodology for calculating the fees has been developed to ensure there will be no reoccurrence going forward.
- No Change in risk, no specific threats identified and there is adequate resource in legal services to support any potential challenges.
- Successful recruitment of vacant post in legal services.

Actions outstanding:

- National interest around “employment status” and “worker rights” continues to develop. We need to complete the work on assessing the employment status of individuals working for the Council to ensure that legislative and corporate requirements are met. TARGET DATE: n/a.

10

**FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS**

**Owner: Corporate Director**

**Current Risk: GREEN B1, low likelihood / negligible impact**

**Direction of Travel:** 22/23 Q1 B1; Q2 B1; Q3 B1; Q4 B1.  
23/24 Q1 B1; Q2 B1; Q3 B1; Q4 B1



**Definition:**

*Related to channel shift to more digital on-line services but retaining the availability of face-to-face services. Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.*

**Key Risk Driver:** Reputation

**Raw Risk Value:** RED D4, high likelihood / major impact (adverse national publicity)

**Commentary:**

This risk refers to deliver of service to the customer and ensuring equal access for all.

Actions completed to quarter 4:

- Monitoring of complaints in terms of number, underlying reasons and other trends is continuing.
- A new Customer Services Strategy to improve customer engagement and ensure customer service standards are maintained has been developed and approved.
- Customer Services Outreach centre in Bestwood was launched.
- Webchat now launched.
- The senior management restructure has introduced a new role of Assistant Director for Customer Experience.

Actions outstanding:

- Continue to monitor and respond as necessary to the impact upon the Council of potential staffing capacity issues in key areas. TARGET DATE: n/a.
- Workshop are planned with waste & Customer services staff to improve processes for waste collection, ad reduce complaints. TARGET DATE August 2024.

11

**FAILURE TO PREVENT DAMAGE TO THE COUNCIL'S REPUTATION**

**Owner: Chief Executive**

**Current Risk: GREEN B2, Low likelihood / minor impact**

**Direction of Travel: 22/23 Q1 B2; Q2 B2; Q3 B2; Q4 B2.  
23/24 Q1 B2; Q2 B2; Q3 B2; Q4 B2**



**Definition:**

*Related to the Council's reaction to a specific event or issue, or generally a downturn in quality of service.*

**Key Risk Driver:** Reputation

**Raw Risk Value:** RED D4, high likelihood / major impact (adverse national publicity)


**Commentary:**


The failure to effectively manage and control corporate risks as set out in this report would have a detrimental impact on the reputation of the Council. In recent months we have seen several councils issue warnings around finances, and for Gedling this continues to be our highest risk score. One of the major risks for all local authorities is to not meet their promises made in achieving climate change. For Gedling we aim to be carbon neutral by 2030.

Actions completed to quarter 4:

- The Council has numerous actions for delivery as part of the Carbon Management Strategy Action Plan and work has continued on these.
- The Corporate Environment Group has met to monitor delivery of carbon management actions.
- Senior Management restructure has been completed.
- A communication plan has been prepared to deal with the impending Fraud prosecution which was identified in 2022.

Actions outstanding:

	<ul style="list-style-type: none"> <li>Individual officers, as well as the Corporate Environment Group, to continue to deliver actions as part of the Carbon Management Strategy Action Plan. TARGET DATE: n/a.</li> </ul>
12	<p><b>FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT OR MALICIOUS ACT</b></p> <p><b>Owner: Corporate Director</b></p> <p><b>Current Risk: AMBER C3, significant likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 B1; Q2 B3; Q3 C3; Q4 C3. 23/24 Q1 C3; Q2 C3; Q3 C3; Q4 C3</b> </p> <p><b>Definition:</b></p> <p><i>Council reaction to a natural occurrence e.g. widespread flooding, or other events such as fire and explosions.</i></p> <p><b>Key Risk Driver:</b> Reputation</p> <p><b>Raw Risk Value:</b> RED D4, high likelihood / major impact (adverse national publicity)</p> <p><b>Commentary:</b></p> <p>Climate change is expected to require businesses (including Councils) and individuals to adapt their behaviour to reduce the potential of extreme weather events and other risks to public health. This risk also covers preparing for any potential malicious act.</p> <p>During October the Council mobilised a response to the impacts of Storm Babet and its subsequent recovery actions. The Council is now taking a significant role in inspecting properties and facilitating recovery and improvement payments to local residents and businesses.</p> <p>There was a high internal audit finding in relation to Business Continuity Plans “<i>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.</i>” Actions commenced in quarter 2 to address this.</p> <p><u>Actions completed to quarter 4:</u></p> <ul style="list-style-type: none"> <li>Reviewing out of hours emergency support at senior level, following proposed changes to LRF.</li> </ul>

	<ul style="list-style-type: none"> <li>• A Business Continuity consultant was engaged to address gaps in the service and corporate plan, with completion expected in Quarter 1.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Maintain a watching brief on the requirements of Martyn’s law (protection for the public from terrorism at public venues). TARGET DATE: n/a.</li> <li>• Review of Emergency Plan TARGET DATE December 2024</li> </ul>
13	<p><b>FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS</b></p> <p><b>Owner: Chief Executive</b></p> <p><b>Current Risk: GREEN B2, low likelihood / minor impact</b></p> <p><b>Direction of Travel: 22/23 Q1 B2; Q2 B2; Q3 B2; Q4 B2. 23/24 Q1 B2; Q2 B2; Q3 B2; Q4 B2</b> </p> <p><b>Definition:</b></p> <p><i>Relating to the effects of changes in demographic, residential, or socio-economic trends on the Council’s ability to meet its objectives.</i></p> <p><b>Key Risk Driver:</b> Reputation</p> <p><b>Raw Risk Value:</b> RED D3, high likelihood / serious impact (adverse regional publicity)</p> <p><b>Commentary:</b></p> <p>This risk relates to the long- term view and horizon scanning of potential changes required and modes of delivery for our services.</p> <p><u>Actions completed to quarter 4:</u></p> <ul style="list-style-type: none"> <li>• Service Planning for 2024/25 has been completed with a focus on socio-economic data.</li> <li>• Productivity Plan prepared and will be presented for approval in Quarter 1.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• This long-term work will require Gedling to work with partners from within the Nottinghamshire and Derbyshire regions to</li> </ul>

	deliver a long term strategy as part of the new Mayoral authority from May 2024. TARGET DATE: n/a.
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**HIGH RISK AUDIT RECOMMENDATIONS RAISED IN PREVIOUS YEARS BUT NOT YET IMPLEMENTED:**

There are no high-risk audit recommendations from previous years that have not been addressed and implemented, however there are some medium level actions from previous years in relation to contracts, procurement and risk which are currently being addressed and should be completed in 2024/25 as detailed in the internal audit follow up report.

**HIGH RISK AUDIT RECOMMENDATIONS RAISED IN THIS FINANCIAL YEAR:**

Up to Quarter 2 there have been two, one from the 'Workforce Strategy' audit, which is now approved and one from the 'Business Continuity and Emergency Planning' audit which is well underway, these have been included under risk 4 and risk 12 respectively.

During quarter 3 the internal audit on the main financial systems was undertaken with some high-risk recommendations due to the recent fraud coming out of this audit. The findings of the audit and a discussion of remedial actions taken so far was discussed at an exempt part of this meeting.

## APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

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

## APPENDIX 3 – RISK DEFINITIONS

	IMPACT				
	Negligible	Minor	Serious	Major	Critical
<b>Financial Impact</b>	£0 - £10k	£10k - £50k	£50k - £500k	£500k - £1M	£1M+
<b>Service Provision</b>	No effect	Slightly reduced	Significant elements of a service suspended/ reduced	Service suspended short term / reduced	Service suspended long term, statutory duties not delivered
<b>Health &amp; Safety</b>	Sticking plaster/ first aider	Broken bones/ illness	Multiple injuries / illness	Loss of life / major illness	Major loss of life / large scale major illness
<b>Objectives</b>		Objectives of one section not met	Service objectives not met	Directorate objectives not met	Corporate objectives not met
<b>Morale</b>		Some hostile relationship and minor non co-operation	Major non co-operation	Industrial action	Mass staff leaving / unable to attract staff
<b>Reputation</b>	No media attention/ minor letters	Adverse local media	Adverse regional publicity	Adverse national publicity	Remembered for years!!
<b>Government relations</b>		Poor assessment	More than one poor assessment	Service taken over temporarily	Service taken over permanently

	LIKELIHOOD				
	Very Low	Low	Significant	High	Very High
<b>Probability</b>	< 10%	10% to 35%	35% to 65%	65% to 90%	> 90%
<b>Timing</b>	Next ten years	Next year to five years	Next 12 months	Next 6 months	Next week / this month





## Report to Audit Committee

**Subject:** Internal Audit Progress Report

**Date:** 23 July 2024

**Author:** Gurpreet Dulay – Internal Audit Partner (BDO)

### Purpose

To summarise the outcome of internal audit activity completed by the BDO Internal Audit Team for the period March to June 2024.

#### Recommendation(s):

##### THAT:

- 1) **Members to note the progress of the delivery against the 2023/24 Internal Audit Plan, including the Executive Summary for the following audit reports: Main Financial Systems, Counter Fraud and Corruption Strategy, Budget Setting and Efficiency Savings, and GDPR Information and Governance.**

### 1. Background

- 1.1 The Internal Audit Plan for 2023/24 was approved by the Audit Committee on 14 March 2023. The progress report provides a summary update of the work undertaken by BDO for 2023/24. We have now completed the Internal Audit Plan for 2023/24 and have commenced our work on the 2024/25 Internal Audit Plan.

### 2. Proposal

- 2.1 Since the last Audit Committee meeting, four reports have been finalised (Main Financial Systems, Budget Setting and Efficiency Savings, GDPR Information and Governance, and Strategic Fraud Risk Assessment). We have commenced our fieldwork for two 2024/25 reviews (Housing Benefits and Cemeteries and Pet Cremation Services) and scoped other reviews due to be completed later in the year.

### 3. Financial Implications

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

#### **4. Legal Implications**

4.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and governance processes. This report provides the annual position of internal audit for 2023/24 and is provided to Committee in accordance with the Council's Constitution and delegations contained therein.

#### **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 - GBC - Progress Report - July 2024

The background of the entire page is a dense field of white umbrellas, viewed from a high angle. The umbrellas are packed closely together, creating a textured, geometric pattern. In the lower-middle section of the page, one umbrella stands out as a vibrant red, positioned centrally and slightly below the main title. This red umbrella is the focal point of the design.

# INTERNAL AUDIT PROGRESS REPORT

GEDLING BOROUGH COUNCIL

2024/25

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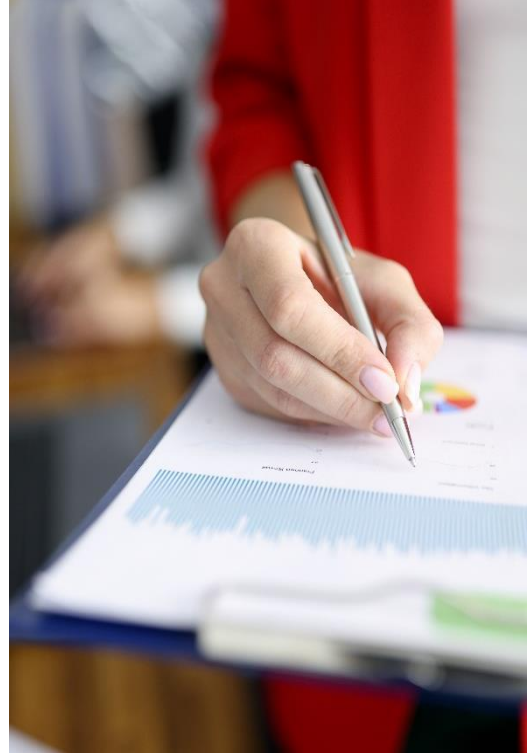
# SUMMARY OF 2024/25 WORK

## INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2024/25 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 I 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.



## 2024/25 INTERNAL AUDIT PLAN

We are pleased to bring the following reports to Committee:

- ▶ Main Financial Systems
- ▶ Budget Setting & Efficiency Savings. Please note that after discussion and agreement with SLT the title of this review was amended to more accurately reflect the scope. It was previously titled 'Governance and Budgetary Assurance Mapping'.
- ▶ GDPR Information and Governance
- ▶ Strategic Fraud Risk Assessment - see Confidential Session.

## 2024/25 INTERNAL AUDIT PLAN

We will present our review on the following audits from the 2024/25 internal audit plan:

- ▶ Housing Benefits
- ▶ Cemeteries and Pet Cremation Services
- ▶ Environment - Carbon Management Strategy.

## CHANGES TO THE 2024/25 INTERNAL AUDIT PLAN

There have been no changes to the Internal Audit Plan.

## REVIEW OF 2024/25 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Community Health and Wellbeing	March 2024	✓	✓	✓	M	S
Council Tax/NNDR	September 2023	✓	✓	✓	S	S
GDPR Information and Governance	July 2024	✓	✓	✓	L	M
Generating External Income	March 2024	✓	✓	✓	M	M
Budget Setting and Efficiency Savings	July 2024	✓	✓	✓	S	S
Health and Safety	December 2023	✓	✓	✓	M	M
Main Financial Systems	July 2024	✓	✓	✓	M	M
Project and Programme Management	September 2023	✓	✓	✓	S	M
Safeguarding	December 2023	✓	✓	✓	L	L

## REVIEW OF 2024/255 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Budget Management	June 2025	✓				
Housing Benefits	September 2024	✓	✓	✓		
Fleet Management	December 2024	✓				
Cemeteries and Pet Cremation Services	September 2024	✓	✓			
Temporary Accommodation	March 2025	✓				
Procurement and Contract Management	December 2024	✓				
Equality, Diversity and Inclusion	June 2025	✓				
IT Disaster Recovery Plan	March 2025	✓				
Environment - Carbon Management Strategy	December 2024	✓	✓			

# MAIN FINANCIAL SYSTEMS

## CRR REFERENCE: FAILURE TO PREVENT BUDGET OVERHEATING AND FAILURE TO MAINTAIN FINANCIAL INTEGRITY

Design Opinion



Moderate

Design Effectiveness



Moderate

Recommendations



### SCOPE

#### BACKGROUND

- ▶ Local authorities are required to maintain sufficient effective controls over their main financial systems to support effective management of resources. Financial controls play an important role in ensuring the accuracy of reporting, eliminating fraud and protecting the organisation's resources, both physical and intangible. These internal control procedures reduce process variation, leading to more predictable outcomes.
- ▶ Gedling Borough Council (the Council) use Agresso as its main financial system. Other systems are used around the Council for other aspects of finance. For example, accounts receivables are managed through Civica, the revenues system. We undertake a cyclical review of key financial systems, focusing on different areas each year with this year's review focused on accounts receivables. Sales invoices are raised either raised by the department or by the Revenues Team in the Access Pay system before being sent to the customer either electronically or in hard copy form.
- ▶ Aged sundry debts arise where payments are not made to the Council by the payment due date. The Council have moved to an up-front payment model for certain services where possible to reduce the amount of overdue debts however, some customers continue to pay for services in instalments or upon receipt of a sales invoice. As of 31 December 2023, the Council had £301,000 of sundry debts and £1.7m on the housing benefits overpayments account.
- ▶ Depending on the nature of the services, the Council ceases supply to customers where they fall into arrears and do not repay the debt, i.e. for trade waste. Sundry debt values have dropped over the past 12 months, however, this is partly due to the garden waste payment method moving to upfront payments, therefore, customers can no longer fall into arrears on these.

#### AREAS REVIEWED

The following areas were covered in this review:

- ▶ The Fair Collection and Debt Recovery Policy, Sundry Debt Guidance and Write Off Policy to assess whether they were up to date and robust to support accurate, complete and timely charging of customers and collection of income
- ▶ A sample of sales invoices between 1 April 2023 and 31 January 2024 to assess whether:
  - Customers were charged accurately
  - Departments obtained approval from the relevant budget holders before notifying the Revenues Team to raise an invoice (where appropriate)
  - Payments were received from the customer.
- ▶ A sample of overdue sundry debts to assess whether appropriate debt recovery action had been taken by the Council, in line with its debt recovery policies and procedures, to partially or fully recover the debt



- ▶ Arrangements were in place to identify debts to write off and process these, ensuring that these were completed in a timely manner to prevent resources being used attempting to chase irrecoverable debts. We also confirmed that debts were written off with appropriate levels of approval
- ▶ Reporting to the Finance Team and Heads of Department to assess whether effective management information and key performance indicators (KPIs) were provided to support effective oversight and monitoring of income collection.

  
**AREAS OF STRENGTH**

- We identified the following areas of good practice:
- ▶ In 15 of 16 sales invoices that we reviewed that were due for payment, the customer had paid the invoice accurately and on time, ensuring full receipt of income. The credit terms for the payment from the customer were clearly identified on the invoice to ensure they were aware of the payment due date.
  - ▶ Invoices were generally raised in a timely manner and for the correct amount, based on the fees and charges set by the Council. There were some exceptions where we were unable to verify the accuracy of invoicing for commercial leases and waste collections due to contract variations not being retained. However, across our sample of 20 invoices, these were broadly accurate.
  - ▶ We reviewed three of the 18 debts written off as part of the annual write-off of debts in March 2023 and confirmed that they were all were approved by the Section 151 Officer who had the appropriate level of authority per the Write Off Policy. This process takes place annually and, since our testing, further debts have been written off in March 2024.
  - ▶ Although the Sundry Debtor Guidance document was out of date (see Finding 2), it provided a clear overview of the invoicing and recovery processes. It outlined the responsibilities of departments for raising invoices and the Revenues Team for recovering overdue debts.
  - ▶ The Aged Debtor reports from October 2022 and March 2024 show a fall in the value of sundry debts. While we have identified gaps in the effectiveness of the debt recovery procedures (see Finding 3), there was a positive trend in the reduction of overdue sundry debts, indicating better collection performance. However, it should be noted that these figures could have been improved by the change in payment model (to an upfront payment) for garden waste collection.

  
**AREAS OF CONCERN**

Finding	Recommendation and Management Response
<p>The Senior Leadership Team (SLT) do not receive information about the overdue debt balances, breakdowns by departments, aged of debts, etc. limiting its oversight of debt recovery performance (Finding 1 - Medium).</p>	<p><u>Recommendation</u> The Council should re-introduce reporting to SLT or CMT on its debt position, with a breakdown by the following factors:</p> <ul style="list-style-type: none"> <li>▶ Value of the debts and number of invoices overdue</li> <li>▶ Age of debts (showing a split between debt under and over one year overdue)</li> <li>▶ Service areas that the debts relate to.</li> <li>▶ The percentage change in the value of debts from the previous quarter</li> <li>▶ A list of the highest 10 debtors.</li> </ul> <p>For higher valued or longer overdue debts, action plans should be put in place to recover the balances from customers.</p> <p><u>Management Response</u></p>

		<p>Alternative language use would be preferred in relation to the highlighted items above. Recommend use of “insufficient”.</p> <p>Planned reinstatement of quarterly reporting to SLT.</p> <p>Target date: 31 July 2024</p>
	<p>Debt recovery and write-off policies were outdated and had conflicting requirements which could reduce the clarity and consistency of the Council’s approach to debt recovery (Finding 2 - Medium).</p>	<p><u>Recommendation</u></p> <p>A. The Fair Collection and Debt Recovery, Sundry Debt Guidance and the Write Off Procedure should be reviewed and approved (with documented evidence of the approval)</p> <p>B. As part of the review of the policies/guidance, the Council should ensure that the requirements are consistent and reflect actual job roles held at the Council.</p> <p><u>Management Response</u></p> <p>A. It is accepted that the current policy/policies may be out of date and need refreshing. It is considered appropriate to undertake a rewrite of the relevant policies rolling them into one policy</p> <p>B. See above.</p> <p>Target date: 30 September 2024</p>
	<p>Some instances were identified where there was not a proactive approach for debt recovery resulting in invoices remaining unpaid for several years (Finding 3 - Medium).</p>	<p><u>Recommendation</u></p> <p>A. The Revenues Team should investigate whether automatic reminder letters can be sent to debtors on the Civica System, in line with the timelines established in the Sundry Debtors Guidance</p> <p>B. The Council should establish a timescale by which debts should be written off if there has not been any progress in recovering any of the balance. This should be the last resort but a timescale of one year would be appropriate (assuming all methods of recovery have been exhausted) to prevent resources being used on potentially irrecoverable debts.</p> <p><u>Management Response</u></p> <p>A. Automatic reminder letters are issued to debtors in line with the established timeframes. In each identified case, and explanation is provided below:</p> <ul style="list-style-type: none"> <li>▶ 408256363 - Human error in this case. The account overall was inhibited where this should have been and inhibit on a specific invoice</li> </ul>

		<ul style="list-style-type: none"> <li>▶ 406152005 - Accepted. There are only a handful of cases held by the Legal Services team, and these are historic cases as the Revenues Services team now instructs County Court cases via MCOL rather than instructing Legal Services. These remaining cases will be reviewed and recalled as appropriate</li> <li>▶ 406437941 - Accepted. It is difficult to assess the reason for this delay as the account is old and the data is now archived</li> <li>▶ 406497669 - Accepted. It is difficult to assess the reason for this delay as the account is old and the data is now archived.</li> </ul> <p>B. The timeframes for reviewing and writing off of debts will be addressed within the drafting of the recovery policy as agreed in Recommendation 2 above.</p> <p>Target date: A. 31 July 2024 and B. 30 September 2024</p>
	<p>Rent review documentation for increase calculations was not retained for some contracts. Therefore, we were unable to verify that customers were invoiced accurately in these instances (Finding 4 - Medium).</p>	<p><u>Recommendation</u> Where there are changes to charging (i.e. following rent reviews for commercial properties or variations to contracts), evidence of the change should be retained by the department.</p> <p><u>Management Response</u> In terms of the property leased, the contract is clear that rent reviews are subject the increases at RPI which the leaseholders sign up to an agreement. Rents are then increased as per the contract by current rates of RPI (or other means as stated in the lease). Currently we do not keep any documents relating to the calculation of these increases. We have noted your recommendation and going forward we will produce a template for completion of rent reviews and retain details of the calculations of new rents.</p> <p>Target date: Apply to Rent Reviews from 31 July 2024.</p>

  
**CONCLUSION**

We have concluded that the Council have a Moderate control design and control effectiveness for its accounts receivables and debt recovery.

Control Design  
The control design is Moderate because there was generally a sound system of internal control designed to achieve system objectives with some exceptions. The key gaps identified related to:

- ▶ Inadequate reporting of aged debts to the SLT resulting in a lack of oversight and scrutiny of older and high-risk debts.

- ▶ Debt recovery policies were outdated and some documents did not reflect actual processes.

Invoicing and debt recovery is led by service areas who are expected to comply with the Sundry Debt Guidance. The Revenues Officer is responsible for monitoring debt levels and providing support to departments required or requested. Invoice reminders are manually extracted weekly (dependent on resource availability), which increases the risk of inconsistency, which was identified in our sample testing of debt recovery (see Control Effectiveness Section below).

#### Control Effectiveness

The control effectiveness was Moderate because there was evidence of non-compliance with some controls, that may put some of the system objectives at risk. Specifically, there was non-compliance with the Sundry Debtor Guidance in our sample of aged debtors reviewing, with some instances where there had been no activity taken to recover the debts for several years. Yet, they had not been written off, potentially causing the limited resources available to the Revenues Team to be used on chasing irrecoverable debts.

Furthermore, some contract variation and rent review documentation had not been retained.

# BUDGET SETTING AND EFFICIENCY SAVINGS

## CRR REFERENCE: FAILURE TO PREVENT BUDGET OVERHEATING AND MAINTAIN FINANCIAL INTEGRITY

Design Opinion	<b>S</b> Substantial	Design Effectiveness	<b>M</b> Moderate
Recommendations	<b>0</b>	<b>0</b>	<b>2</b>



### SCOPE

#### BACKGROUND

- ▶ Gedling Borough Council (the Council) prepares an annual budget which is submitted to Cabinet and Full Council for approval in February and March respectively each year. For 2024-25, the Budget was presented to and approved by Cabinet and Full Council on 21 February and 6 March 2024 respectively. The revenue budget agreed by Cabinet for 2024-25 was £14.9m.
- ▶ The Finance team has a budget setting timetable, commencing in August, to collaborate with heads of service to set salary budgets for the following year. Individual meetings are held with each head of service and finance business partners in October to identify amendments to the base budgets and development bids. These budgets are broadly based on the budgets from the previous year, with budget bids for additional capital and revenue growth submitted to the Senior Leadership Team for evaluation. These may be based on the new projects or opportunities in service areas. The final sign off on the revenue and capital budgets for each service area is agreed with the relevant Portfolio Holder.
- ▶ A programme of efficiencies has been developed by the Council which runs alongside its budget. This identifies potential savings that can be made through efficiencies in the Medium-Term Financial Plan (MTFP). The MTFP indicates that efficiencies of £2,225,200 are needed by 2028/29. The budget efficiency target for 2024/25 is £406,200. This target is included within the Council's plans to balance the budget amidst uncertainties such as future Settlement funding, pay awards, inflation, and increased service demand.

#### AREAS REVIEWED

The following areas were reviewed as part of this audit:

- ▶ The budget setting timetable and guidance for the 2024-25 budget setting process to assess whether clear timeframes and procedures were agreed and allowed sufficient time for a comprehensive process, including consultation with officers and Members
- ▶ We interviewed three of the seven heads of service at the Council: the Head of Development and Place, the Head of Communities & Leisure and the Head of HR, Performance and Service Planning, as well as a finance business partner to assess the robustness of the mapping of service activities to the Budget
- ▶ Five approved new capital bids and four revenue bids to assess whether a clear and consistent evaluation mechanism had been applied as part of the Council's assessment process
- ▶ Guidance documentation for the budget setting process to ascertain whether it was clear, including details on the budget setting governance structures
- ▶ The Efficiency Programme to assess whether there was a robust process for identifying and agreeing efficiencies to be incorporated into the Budget



**AREAS OF STRENGTH**

We identified the following areas of good practice:

- ▶ The Council's Medium Term Financial Plan indicates a balanced budget, with a small surplus expected by 2028/29, assuming efficiency savings are achieved
- ▶ The Council had a Budget Setting Timetable in place for the 2024-25 process, although the start of the budget setting process was delayed. It also had two individual meeting schedules in place to monitor the consultation meetings with each Head of Service and Portfolio Holder.
- ▶ There were wide levels of consultation and engagement with senior officers and Members as part of the budget setting process. This included: individual meetings with Heads of Service and Portfolio Holders, Senior Leadership Team and Cabinet review, then sign-off by full Council. We interviewed three heads of service who had positive perspectives on the support provided by the Finance team in the budget setting process. As noted below, however, meetings between heads of service and finance, and subsequent meetings with portfolio holders are not clearly documented and evidenced.
- ▶ There was a clear and structured process for submitting and evaluating developments bid proposals for new funding for projects. The Senior Leadership Team collectively reviews each bid and scores it using the Council's numeric scoring system. The scoring mechanism is based on a range of factors to identify the highest scoring projects, such as prioritisation, asset management and the financial impact. We reviewed five capital programme bids and four revenue budget bids which were successful and confirmed that all of these met the scoring threshold for an accepted project.
- ▶ The Council has implemented an efficiency and budget reduction programme to support a sustainable MTFP. Efficiency saving proposals were identified by heads of service and then RAG-rated by the Head of Finance and ICT and the Chief Executive. All proposed efficiency savings targets are discussed with the Leader and the Deputy Leader for their approval before being formally accepted in the Efficiency Programme. This supported an effective process for identifying and implementing efficiencies.
- ▶ The Council's original Medium Term Financial Plan identifies a need for £3,558,900 in efficiencies by 2028/29. So far, £833,700 has been achieved, with another £500,000 anticipated from digital strategies. The remaining £2,225,200 has been identified as the new efficiency target. Despite this progress, the Council will actively seek further budget reductions in 2024-25 to prepare for potential shortfalls in future Local Government Finance Settlements.
- ▶ Through our interviews with the three Heads of Service, the following feedback was shared about the efficiency savings development process:
  - The identification of efficiencies has improved by shifting from a finance team led approach to one that is more inclusive and service led. This allows greater input from services over where they can make savings while maintaining appropriate service levels, i.e at a statutory level.
  - There was more recognition of the consequences and risks associated with efficiency savings for 2024-25. Previously, when the process was led by the finance team, there was less consideration on how the savings identified would impact service delivery, compliance with statutory requirements and the effects on staff well-being. The collaborative approach that the Council has now adopted alleviates some of these challenges.



**AREAS OF CONCERN**

Finding	Recommendation and Management Response
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	<p>The budget setting process started later than planned for 2024/25, resulting in delays to some parts of the process. This reduced the overall time available to consult with relevant stakeholders (Finding 1 - Medium).</p>	<p><u>Recommendation</u> For the 2025/26 Budget, the budget setting process should commence earlier in line with the Budget Setting Timetable. Meetings with heads of service and portfolio holders should be booked into the diaries well in advance of the start of the budget setting exercise to ensure that these do not delay the process.</p> <p><u>Management Response</u> We agree with the recommendations, usually the process starts in September with meeting starting early October, however due to staff shortages the process for 2024/25 budget was delayed. Meetings will be booked earlier to ensure we can get availability.</p> <p>Target date: 29 February 2025</p>
	<p>Budget setting meetings between heads of service, finance business partners and subsequently portfolio holders are not minuted and therefore we did not receive outcome documents resulting from these meetings which would have allowed us to further scrutinise any decisions made (Finding 2 - Medium).</p>	<p><u>Recommendation</u> For the 2025-26 Budget, discussions between heads of service and finance, and between portfolio holders and heads of service should be documented.</p> <p><u>Management Response</u> Notes are taken during the budget sessions however these are not retained, we do not have resources to undertake formal minutes however, in future notes will be retained on file with the meeting papers.</p> <p>Target date: 30 November 2024</p>
	<p>The Heads of Service interviewed informed us that the misalignment between the budget setting and service planning processes created a challenge, as funding requests may not have been submitted as a development bid but were identified in service plans (Finding 3 - Low).</p>	<p><u>Recommendation</u> To improve the alignment between the budget setting and service planning processes for 2025/26, the Council could establish workshops with heads of service prior to the development bids being submitted to obtain a more in-depth understanding of potential plans and funding requirements.</p> <p><u>Management Response</u> We agree with your recommendations, these will be added to the budget timetable for 2025/26.</p> <p>Target date: 31 August 2024.</p>



**CONCLUSION**

We conclude that the Council has a Moderate design of controls and a Substantial effectiveness of controls for its budget setting and efficiency savings process for 2024-25.

Control Design

The control design is Moderate because the Council generally had a sound system of internal controls designed to achieve its system objectives but there were some exceptions. Notably, due to resource challenges in the finance team, with other important priorities to manage, the budget setting process started late this year. This

meant that all meetings were pushed back to later than originally timetabled for and there was less time available to complete each action on the Budget Timetable. However, the Budget was still approved by Full Council on 6 March 2024.

There were robust processes in place to oversee the budget setting process, with engagement with heads of service and Members throughout, although this is not evidenced with regard to minutes or outcome documents. Similarly, there was clear guidance on the development bid requirements for new expenditure in the Budget and on the efficiency savings targets.

#### Control Effectiveness

The control effectiveness was Substantial because the controls that are in place were consistently applied, corroborated by positive feedback on the collaborative approach with heads of service when setting the budget and identifying efficiency savings.

We interviewed three heads of service who all informed us that there was good support provided by the finance team throughout the process. They also reflected on the improvement in a service led approach to identifying efficiency savings to ensure that these align with service delivery objectives. It was noted however that there could be greater alignment between the budget setting and service planning processes. Currently, these start at different times but are naturally linked.



# GDPR INFORMATION AND GOVERNANCE

**CRR REFERENCE: FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES AND PREVENT DATA LOSS.**

Design Opinion	M	Moderate	Design Effectiveness	M	Moderate
Recommendations	1	0	2		



## SCOPE

### BACKGROUND

- ▶ In May 2018, the UK General Data Protection Regulation (the UK GDPR) replaced the Data Protection Act 1998 (the DPA) as the regulation governing the protection of personal identifiable information in the UK. As a data controller, Gedling Borough Council (the Council) is responsible for ensuring that it complies with the UK GDPR and that parties that process information on its behalf are compliant with the UK GDPR.
- ▶ The penalties for being in breach of the UK GDPR are greater than those that could be levied under the DPA. This regulation places greater responsibilities on data controllers whilst at the same time increasing the power of the Information Commissioner's Office (ICO) to levy fines of up to £17.5 million or 4% of an organisation's global revenue whichever figure is higher. Personal data breaches must be reported to the ICO within 72 hours of the Council becoming aware of the breach if that breach is deemed to have a high risk to the fundamental rights and freedoms of the affected individuals.
- ▶ Service Areas are responsible for ensuring that their systems and data storage are compliant with UK GDPR requirements, however, guidance is provided by the Legal Team when procuring new systems or entering contracts to ensure compliance. The Legal Team maintain an Information Asset Register and the IT Team hold a register for all systems that the Council use.
- ▶ Staff are provided with UK GDPR training on their induction, which includes a pre-recorded video, presentation slides and a test. For other roles, where staff do not regularly manage or process personal data, training is provided in a face-to-face setting with the support of printed documentation to help with understanding, however staff still have to demonstrate that they understand the requirements of UK GDPR. Face-to-face sessions have also been held with members following the May 2023 elections.
- ▶ As part of this review, we will assess whether the Council's UK GDPR arrangements are effective. There will be a focus on how the Council ensures it is compliant with the legislation which will include sample testing data from different parts of the Council to assess compliance. We will review staff capacity to meet requirements, effectiveness of reporting to management and how lessons learned are shared across the Council to promote good practice and ensure poor practice is stamped out.

### AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ Assess whether there is a governance framework in place to support compliance with data protection responsibilities, including defined, approved and up to date policies and procedures
- ▶ Determine whether roles and responsibilities with regards to data protection are defined and whether there is a training programme in place for data protection and information management for staff which is regularly refreshed

- ▶ Assess whether the Council has a Record of Processing Activities in place and that this is regularly reviewed and updated and captures appropriate information
- ▶ Assess whether the Council has defined retention periods in place for held information and that this is adhered to
- ▶ Determine whether the Council has defined the lawful basis for collecting, processing, retaining, and sharing information and assess whether this is transparent to data subjects using tools such as privacy notices. For special category data, assess whether any additional reasons for processing are appropriate and in line with the original purpose of the processing activity.
- ▶ Assess whether there is regular monitoring of the Council's compliance with data protection legislation and regulations by senior management, including the identification, assessment, and remediation of risks
- ▶ Assess whether there are procedures in place to deal with data subject rights requests, including Subject Access Requests (SARs), Freedom of Information Act requests (FOIs) and the exercising of rights by individuals. Determine the extent to which these requirements are complied with, responded to, monitored, and reported on.
- ▶ Assess whether adequate and effective data breach response procedures are in place
- ▶ Assess whether there are adequate procedures in place for performing Data Protection Impact Assessments (DPIAs) for the processing of personal data which is likely to present a high risk to the rights and freedoms of individuals
- ▶ Where the Council shares personal data as part of its relationships with third parties, determine whether the risks posed by these relationships have been assessed and whether data sharing agreements have been implemented to mitigate these risks.



## AREAS OF STRENGTH

During our review, we identified the following areas of good practice:


- ▶ There is a dedicated Data Protection Officer (DPO) in place, who has clearly defined responsibilities in line with the requirements of the UK GDPR and regularly reports to Senior Management
- ▶ There is a dedicated team in place to manage compliance with data subject requests, including SARs. We reviewed a sample of SARs to determine whether the Council has complied with the requirements of the UK GDPR and identified no exceptions.
- ▶ The Council has a defined Data Protection Policy in place, which was last reviewed in December 2022 and sets out its approach towards complying with the requirements of the UK GDPR. This includes a set of responsibilities that the Council must follow with regards to data processing and data protection.
- ▶ The Council has 19 separate privacy policies in place that are published on its public website. Each of the privacy notices contained on the website is updated as and when required so there is no set point in the year by which information is required to be updated. However, each of the notices outlines clearly defined sections including what personal data is collected, how long this is retained for and how this is protected.
- ▶ Through our discussions with the Head of Development and Place and the Head of Communities and Leisure we determined that they understand the requirements for procuring a system with regards to the expected data protection requirements and the sample procurement information we reviewed for the Theatre and Leisure Management systems had clear mandatory sections that related to data protection requirements, and which were found to be appropriately completed.
- ▶ The Council has a set process in place for reporting a data breach which requires that both near misses and reportable breaches are to be recorded within a dedicated register. We looked at the most recent breach that was reported regarding the Gatherwell and Gedling Lotto which resulted in a ransomware attack that affected 412 customers. Although the breach was not the fault of the Council, this was still reported to the ICO.

Members of staff are required to complete a mandatory data protection training module, which is assessed through a post training quiz. Staff are expected to achieve a passing score of 70% on a set of 20 questions. At the time of our review the Council had a compliance rate of 95.24% with only 10 staff members not having completed the training.

 <p><b>AREAS OF CONCERN</b></p>	Finding	Recommendation and Management Response
	<p>The Council does not have a defined Record of Processing Activities (RoPA) in place, although we did note that the Council recognises that this needs to be done and that individual Information Asset Registers (IAR) are in place for the respective service areas. Across our review of the IARs these lacked detail which could lead to ICO guidance not being met (Finding 1 - High).</p>	<p><u>Recommendation</u></p> <p>A. Management, in conjunction with each business unit or department, should carry out a full and comprehensive review of all the Council’s information asset registers to ensure that these are consistent, complete, and up to date and that they capture, as a minimum, the information identified as missing by this review. The updated registers should be presented to and approved by Senior Management.</p> <p>B. Following this, the Council should put in place a centrally defined RoPA that captures all the Council’s data flows and processing activities, which should be completed and updated on an ongoing basis and there should be arrangements for it to be fully reviewed on at least an annual basis to ensure that it remains current and appropriate.</p> <p>C. As part of the RoPA review, the Council should consider reviewing the existing privacy notices and updating them in case of any changes to data processing activities requiring the Council to revise the privacy notices to ensure transparency.</p> <p><u>Management Response</u></p> <p><u>The Data Protection Officer with the Deputy Monitoring Officer will be implementing a new RoPa excel spreadsheet system as an alternative to the existing Information Asset Registers. Training will be delivered to all departments across the Council to ensure that officers understand how to complete the RoPa. This will be delivered in the next 6 months. The Council’s Cabinet recently approved a new Digital, Data and Technology Strategy for the organisation, with an associated budget assigned through the budget setting process. This strategy forms the catalyst, alongside the Corporate Plan, for the Council’s Smarter Working and Customer Experience Programmes, each of which will design new ways of working across internal and</u></p>

		<p><u>external services, enabled by digital technology. These programmes will have an impact on Processing Activities. The design and documentation of ‘to be’ ways of working will be undertaken on a phased basis over the forthcoming 24 months and will include detail on how data is stored, processed and managed across the Council’s business processes. In designing ‘to be’ ways of working, we will be taking a systemised approach to the capture of information assets, to Registers of Processing Activity that reflect how information flows across operational processes.</u></p> <p>Target date: <u>31 December 2024 new RoPa system. 24 months for the wider changes through the Digital, Data and Technology Strategy.</u></p>
	<p>The Council’s retention schedules are overdue for review and have not been revised since October 2020, albeit we were informed that staff are expected to comply with the current policy requirements which reflects the Council’s actual retention period (Finding 2 - Low).</p>	<p><u>Recommendation</u> Management should review the Council’s retention schedules and ensure that these are fit for purpose. The retention schedules should be subject to review on a regular basis. This should be done in line with the RoPA review as per Finding 1.</p> <p><u>Management Response</u> <u>The Data Protection Officer with the Deputy Monitoring Officer will review the Retention schedules once the new RoPa system has been implemented and completed in December 2024. A further larger review will be undertaken as part of the overall Smarter Working and Customer Experience programme activity.</u></p> <p>Target date: <u>31 March 2025</u></p>
	<p>Although training compliance is being monitored, data protection training for members of staff does not identify certain circumstances where Data Privacy Impact Assessments (DPIAs) need to be performed (Finding 3 - Low).</p>	<p><u>Recommendation</u> Management should review and, where necessary, update the Council’s training module so that it includes, but is not limited to, the expectations and roles and responsibilities of members of staff around DPIAs.</p> <p><u>Management Response</u> <u>The Data Protection Officer with the Deputy Monitoring Officer will update the training to ensure that DPIA’s are tested as part of the training. New and updated training will be delivered in the next 12 months. As part of the development of the Digital, Data and Technology Strategy, a standard set of non-functional requirements has been developed and non-functional requirements will be included as part of all software procurements, and that a new Technical Design Authority has been established to</u></p>

		<p><u>oversee system and process orientated change, which will include the necessity for DPIAs to be produced at key control points prior to system procurement and system go live.</u></p> <p>Target date: <u>31 March 2025</u></p>
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 <p><b>CONCLUSION</b></p>	<p>We raised one high priority recommendation and two low priority recommendations to improve the Council’s data protection controls for ensuring compliance with the requirements of the UK GDPR.</p> <p>While only minor exceptions were found in the operation of the controls that existed, we found weaknesses that put UK GDPR compliance at risk of not being achieved, relating to the absence of a clearly defined RoPA and the lack of an up-to-date retention schedule, as well as DPIA-specific elements within staff training.</p> <p>It should be noted that the Legal service area have provided the service areas with information and templates to ensure that compliance with UK GDPR is achieved. However, this has been difficult to achieve in practice, for example the requirements to document processing activities noted in finding 1.</p> <p>We therefore conclude moderate assurance over both the design and operational effectiveness of the Council’s data protection and UK GDPR compliance controls.</p>
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## SECTOR UPDATE

Our monthly Local Government briefing summarises recent publications and emerging issues relevant to local authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, non-executive directors and governors.

### ARE WE IN THE AGE OF THE LATCO?

*NORSE GROUP CHIEF EXECUTIVE JUSTIN GALLIFORD BELIEVES THAT A TRADING COMPANY OFFERS THE BEST OF ALL WORLDS.*

Almost one in five council leaders and chief executives in England surveyed by the Local Government Association think that across the country, councils are struggling to maintain services in the face of relentless cost increases, skills shortages and rising demand on services. There have been several reports in the media about the financial pressures faced by local authorities and it seems to me that a lack of certainty in an election year only adds to the challenge.

It is perhaps no surprise that there is increasing interest in local authority trading companies. They can give councils all the benefits of insourcing: control over services; direct employment of staff, in a more commercial environment; and they are popular - poll after poll has shown that residents prefer frontline services to be provided by their council rather than the private sector.

Crucially, and unlike a traditional direct labour organisation, they also offer the opportunity to create a more commercial culture, with greater operational efficiency and the ability to trade externally and develop revenue streams. Profits are returned to council coffers rather than private shareholders, helping to close the funding gap and protect public services.

At a time of great uncertainty over the funding of services, perhaps the greatest benefit is the flexibility to bring in changes - such as reducing waste collection frequencies - without the need to renegotiate contracts, and without the penalty of variation charges. As new regulations come in, which will require changes to vehicles and service configuration, and with continuing pressure to achieve net zero, this ability to re-engineer and innovate will become even more important.

<https://www.publicfinance.co.uk/sponsored-articles/2024/03/are-we-age-latco>

#### FOR INFORMATION

For the Audit Committee Members and Executive Directors

### OFLOG CAN ACT AS 'BIG BROTHER' TO PEER CHALLENGE

*OFLOG COULD 'STEP IN' WHEN LOCAL AUTHORITIES DO NOT ADHERE TO THE RECOMMENDATIONS OF THE LOCAL GOVERNMENT PEER CHALLENGE*

The Office for Local Government (Oflog) could "step in" when councils do not adhere to corporate peer challenge recommendations, the chair of the Local Government Association's (LGA) innovation and improvement board has said.

The LGA's peer challenge involves a team of senior local government councillors and officers undertaking a review of key finance, performance and governance information. A report outlining key findings and recommendations is shared with the council, which it is required to publish alongside an action plan. However, the LGA cannot enforce any recommendations.

The LGA noted that 'most of the time' councils act on the advice received through the peer challenge but where authorities do not accept the recommendations, the LGA lack the ability to 'make people do things they do not want to do'.

The Chair of the District Councils' Network's Executive Group supported the proposal, saying, "There is absolutely a space for Oflog in terms of that coercive nature of [saying] if you don't sort it out constructively, we'll bring our big brother into the ring, who might just help persuade you because they've got a regulatory function".

Oflog can act as 'big brother' to peer challenge | Local Government Chronicle (LGC) ([lgplus.com](https://www.lgplus.com))

#### FOR INFORMATION

For the Audit Committee Members Members and Executive Directors

**LEVELLING UP PROJECTS SEE ‘ASTONISHING’ DELAYS**

*PROJECTS PAID FOR THROUGH LEVELLING UP FUNDING POTS HAVE FACED HUGE DELAYS AND THE GOVERNMENT DOES NOT PLAN TO EVALUATE THEIR LONG-TERM SUCCESS, DESPITE THE FACT IT WAS SUPPOSED TO BE A FLAGSHIP POLICY, MPS HAVE SAID.*

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The Public Accounts Committee found that, as of December 2023, only £3.7bn of the £10.5bn supposed to be spent by 2025-26 had been given to councils and less than half of this (£1.2bn) had actually been spent. The Department for Levelling Up, Housing and Communities told the committee that delays have arisen because of Covid-19 disruptions and higher-than-expected inflation.

However, the committee said potentially more impactful projects lost out to ‘shovel-ready’ alternatives - and even these have not been delivered. “The levels of delay that our report finds in one of [the] government’s flagship policy platforms is absolutely astonishing,” said PAC chair Dame Meg Hillier. “The vast majority of levelling up projects that were successful in early rounds of funding are now being delivered late, with further delays likely baked in. DLUHC appears to have been blinded by optimism in funding projects that were clearly anything but ‘shovel-ready’, at the expense of projects that could have made a real difference”.

The committee also expressed concern over transparency, with rules changing while bids were being assessed (changes that councils were not told about in advance), meaning 55 councils wasted much-needed public resources on making bids that stood no chance of winning funding in that round. In its report, the PAC said DLUHC is “playing catch up” in its evaluation efforts, and MPs said they are worried that the evaluation will not cover the long term.

<https://www.publicfinance.co.uk/news/2024/03/levelling-projects-see-astonishing-delays>

**FOR INFORMATION**

For the Audit Committee Members and Executive Directors

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## 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 Partner or Audit Manager. Additionally, scoping and closing meetings were attended by the 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	We have received four survey responses for audits completed in 2023-24 with an average score of 4.75/5 for the overall audit experience. We also received an average score of 4.75/5 for the added value from our reports and the constructiveness of our recommendations. We continue to send out feedback surveys when issuing our final reports.	G
Completion of audit plan	We have completed the full audit plan for 2023-24. We have also been flexible throughout the year to ensure our reviews are suitably timed to support the Council's resources and were delivered in the most appropriate way. Audit fieldwork has commenced for 2024-25 reviews.	G






# APPENDIX I

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
<b>Substantial</b> 	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.
<b>Moderate</b> 	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.
<b>Limited</b> 	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.
<b>No</b> 	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	
<b>High</b> 	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.
<b>Medium</b> 	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.
<b>Low</b> 	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**

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## Report to Audit Committee

**Subject:** Internal Audit Follow Up Report

**Date:** 23 July 2024

**Author:** Gurpreet Dulay – Internal Audit Partner (BDO)

### Purpose

To summarise the progress of implementation of recommendations from Internal Audit reviews raised and previously reported to the Audit Committee. This includes some recommendations raised by the Council's previous Internal Auditors.

#### Recommendation(s):

##### THAT:

- 1) Members to note the implementation of Internal Audit recommendations and the revised due date for incomplete recommendations.**

## 1. Background

- 1.1 BDO follow up on all High and Medium recommendations raised in our Internal Audit reports to monitor the implementation of these. This report summarises the recommendations that have been completed or remain incomplete, with due dates revised for these recommendations which will continue to follow up with responsible officers.

## 2. Proposal

- 2.1 BDO have followed up on all outstanding recommendations due by 31 May 2024. Overall, there has been a significant improvement in the engagement from management and the completion of recommendations. BDO have worked with the Council's management team to obtain direct access to the Ideagen system, to bring audit recommendations updates in line with wider performance reporting and management across the Council. There has been a significant improvement in the completion of 2021/22 recommendations (93% are complete) and 2022/23

recommendations (67% are complete). There are some recommendations from before 2021/22 that remain outstanding however, there has been progress on implementing these and some will be superseded by audits that will take place in 2024/25. We will continue to follow up with responsible officers on the implementation of these recommendations and expect there to have been progress in implementing these ahead of our next follow up.

### **3. Financial Implications**

3.1 There are no financial implications arising directly from this report.

### **4. Legal Implications**

4.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and governance processes. This report provides the annual position of internal audit for 2023/24 and is provided to Committee in accordance with the Council's Constitution and delegations contained therein.

### **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 - GBC - Follow Up Report - July 2024 - Draft

# INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

GEDLING BOROUGH COUNCIL

2024/25

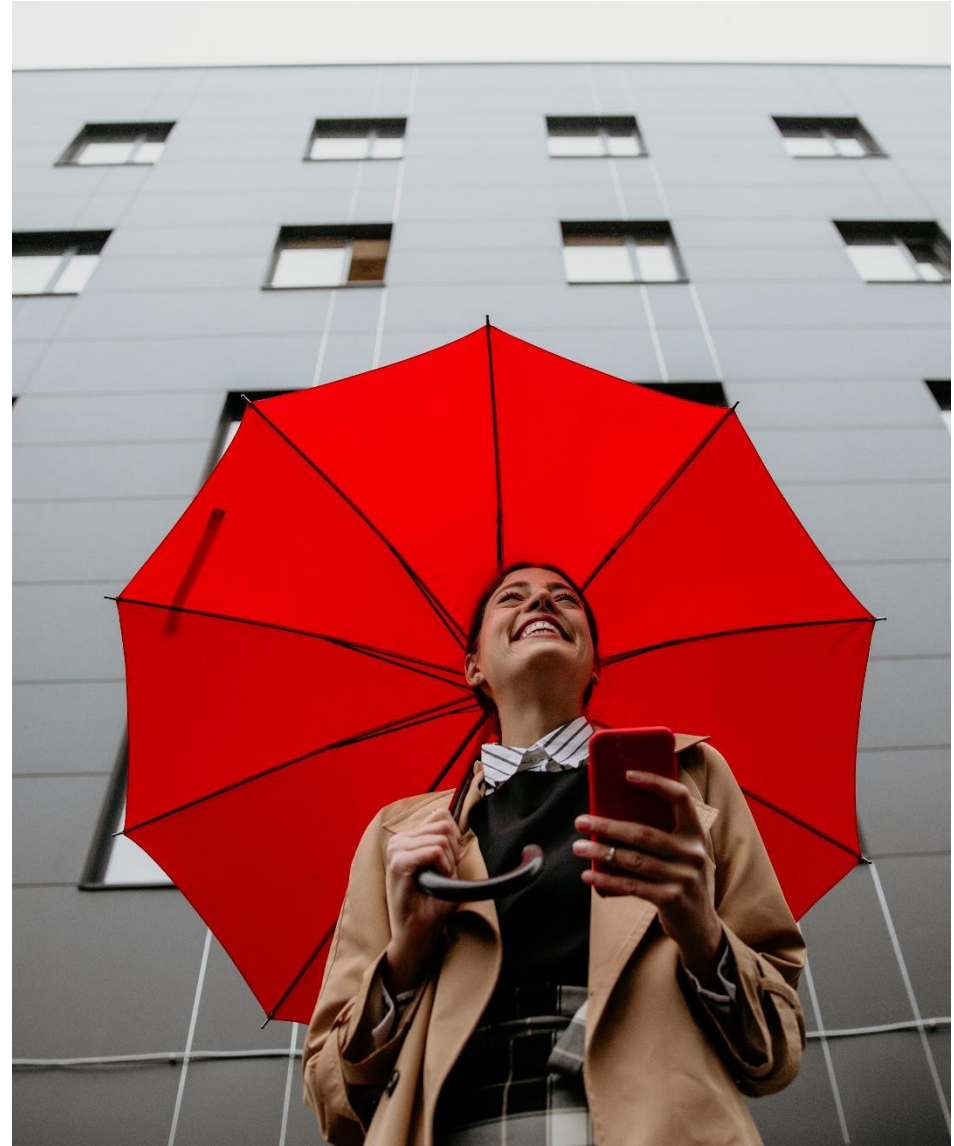
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## SUMMARY

2021/22	Total Recs	H	M	To follow up	Complete		In progress		Overdue		Not Due	
					H	M	H	M	H	M	H	M
					Asset Management	1	-	1	-	1	-	-
Risk Maturity	17	-	17	9	-	15	-	-	-	2	-	-
Housing Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Sustainable Growth - Skills and Employment	1	-	1	-	-	1	-	-	-	-	-	-
Homelessness and Temporary Accommodation	4	-	4	-	-	4	-	-	-	-	-	-
Main Financial Systems	-	-	-	-	-	-	-	-	-	-	-	-
Sustainable Environment	2	-	2	1	-	2	-	-	-	-	-	-
Environmental Health: Selective Licencing	2	-	2	1	-	2	-	-	-	-	-	-
<b>Total</b>	<b>27</b>	<b>-</b>	<b>27</b>	<b>11</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>

2022/23	Total Recs	H	M	To follow up	Complete		In progress		Overdue		Not Due	
					H	M	H	M	H	M	H	M
					Corporate Governance and Performance Management	3	-	3	-	-	3	-
Recruitment and Retention	2	-	2	-	-	2	-	-	-	-	-	-
Building Control and Development Management	1	-	1	-	-	1	-	-	-	-	-	-

Remote Working	1	-	1	-	-	1	-	-	-	-	-	-
Workforce Strategy	3	1	2	2	1	2	-	-	-	-	-	-
Business Continuity and Emergency Planning	3	1	2	3	-	-	1	2	-	-	-	-
Main Financial Systems	3	-	3	-	-	-	-	-	-	-	-	3
Cyber Security	5	-	5	-	-	4	-	-	-	1	-	-
<b>Total</b>	<b>21</b>	<b>2</b>	<b>19</b>	<b>5</b>	<b>1</b>	<b>13</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>3</b>

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	2024/25 Total Recs	H	M	To follow up	Complete		In progress		Overdue		Not Due	
					H	M	H	M	H	M	H	M
					Council Tax and NNDR	1	-	1	1	-	1	-
Health and Safety	3	-	3	-	-	-	-	-	-	-	-	3
Project and Programme Management	1	-	1	-	-	-	-	-	-	-	-	1
Safeguarding	4	2	2	4	-	1	2	1	-	-	-	-
Community Health and Well-Being	1	-	1	-	-	-	-	-	-	-	-	1
Generating External Income	4	-	4	-	-	-	-	-	-	-	-	4
<b>Total</b>	<b>14</b>	<b>2</b>	<b>12</b>	<b>5</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>

\*Total Recs refers to the number of High and Medium recommendations raised.



# SUMMARY

## 2021/2022

Please find below a summary of the status of implementation of recommendations arising from reports issued in 2024/25.

- ▶ Some recommendations from 2021/22 remain incomplete however, a significant number of those were completed as part of the latest round of follow up, notably for the Risk Maturity audit
- ▶ Recommendations from the Environmental Health have been moved into 2024/25.

## 2022/2023

Please find below a summary of the status of implementation of recommendations arising from reports issued in 2024/25.

- ▶ The Business Continuity and Emergency Planning recommendations are incomplete but good progress has been made on implementing these. An external consultancy has been appointed to oversee the implementation of the business continuity processes across the Council.
- ▶ The Workforce Strategy recommendations are now fully implemented.

## 2023/2024

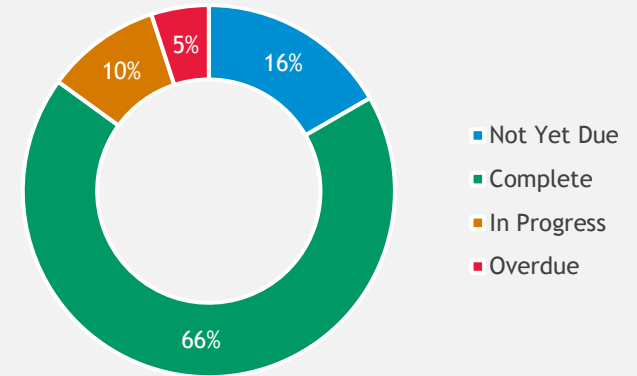
Please find below a summary of the status of implementation of recommendations arising from reports issued in 2024/25.

- ▶ There has been good progress in implementing recommendations raised in reviews from 2023/24, with the Council Tax and NNDR recommendations now fully implemented.




### REQUIRED AUDIT COMMITTEE ACTION:




We ask the Audit Committee to note the progress against the recommendations.

### 2024/25 Cumulative implementation






## RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
Legacy. Contract Management and Procurement	Review and update IT Strategy to support overarching Corporate Digital Strategy which will be developed following sign off or Gedling Plan	Medium 	Tina Adams, Head of Finance and IT	<del>31/03/2023</del> <del>31/12/2023</del> 31/03/2024	<p><b>Management Comments:</b> The Digital, Data and Technology Strategy was approved by Cabinet on 28 March 2024 with a roadmap for next three years to progress the strategy.</p> <p><b>Internal Audit Comments:</b> We reviewed the Digital, Data and Technology Strategy 2024-27 and confirmed that it was aligned to the principles in the Gedling Plan. We confirmed, via a review of the meeting minutes, that Cabinet approved the Strategy on 28 March 2024.</p>
21/22. Risk Maturity	The roles and responsibilities section of the Risk Management Strategy and Framework (including Appendix 2) should be updated to ensure it includes the responsibility of officers below manager level within the risk management function. As a minimum their responsibilities should include the need to understand risk management and its importance to the organisation and to be able to identify risk factors that could indicate an increased level of risk and to report these to their managers.	Medium 	Tina Adams, Head of Finance and IT	<del>31/12/2022</del> <del>30/11/2023</del> 31/03/2024	<p><b>Management Comments:</b> The new Risk Management Strategy covers the roles and responsibilities of officers for managing and addressing risks. This was approved by the Audit Committee on 19 March 2024.</p> <p><b>Internal Audit Comments:</b> We reviewed the Risk Management Strategy and confirmed that it clearly outlined the roles and responsibilities of staff and levels of management. We observed the Audit Committee's approval of the Strategy on 19 March 2024.</p>
21/22. Risk Maturity	The Risk Management Strategy and Framework should be reviewed and updated as necessary to ensure the information included is up to date and accurately reflects current procedure. It should also be updated to incorporate the recommendations raised in this review once implemented. Document control should also be added to the front cover of the Strategy to record who is responsible for managing the document and signing off changes, when the document was last updated, who	Medium 	Tina Adams, Head of Finance and IT	<del>31/12/2022</del> <del>30/11/2023</del> 31/03/2024	<p><b>Management Comments:</b> The new Risk management Strategy and Framework was approved by the Audit Committee on 19 March 2024 and Cabinet on 28 March 2024. The implementation of the new risk management software will commence in the next quarter.</p> <p><b>Internal Audit Comments:</b> We reviewed the Risk Management Strategy and confirmed that it clearly outlines the Council's new risk management processes, which will be embedded. We observed the Audit Committee's approval of the Strategy on 19 March 2024 and the minutes of the Cabinet meeting on 28 March 2024.</p>

	approved the last update and a record of amendments to the document over time.				
21/22. Risk Maturity	The Risk Management Strategy and Framework should be updated to include enhanced guidance on the identification of risk, including specific methods that officers should use to ensure that all risks within their service have been identified and recorded within their risk register	Medium 	Tina Adams, Head of Finance and IT	<del>31/12/2022</del> <del>30/11/2023</del> 31/03/2024	<b>Management Comments:</b> The new Risk Management Strategy sets out the process for identifying risks and recording these.  <i>Internal Audit Comments:</i> We reviewed the Risk Management Strategy and confirmed that it outlines the process for identifying risks.
21/22. Risk Maturity	The actions within the corporate risk register need to be reviewed to update the status of each action and ensure that the implementation status of the action accurately reflects the quarterly updates recorded.	Medium 	Tina Adams, Head of Finance and IT	<del>31/12/2022</del> <del>30/11/2023</del> 31/03/2024	<b>Management Comments:</b> All risks have been reviewed quarterly and reported to Audit Committee via SLT, moving forward this process will be done through Ideagen once the system is implemented.  <i>Internal Audit Comments:</i> We observed the updates for the Corporate Risk Register and scrutiny by the Audit Committee between June 2023 and March 2024 and confirmed that at each meeting there has been regular updates on the mitigating action implementation status.
21/22. Risk Maturity	The overall risk environment in the Development and Place service needs to be reviewed to ensure the service risk register still accurately reflects the service's exposure to risk due to the risk register currently showing no changes or updates to any of the risks for the past three quarters.	Medium 	Mike Avery, Head of Development and Place	<del>31/12/2022</del> <del>30/11/2023</del> 31/03/2024	<b>Management Comments:</b> The overall risk environment was reviewed for the quarter ending 30 September 2023 with new risks added for Building Control (statutory qualification requirement) and professional officer recruitment. The Building Control risk has subsequently added to the Corporate Risk Register.  The interim Building Control Manager is now a registered Building Inspector. A Service Level Agreement (SLA) has been agreed with Erewash Borough Council for Building Control support to provide resilience to the service up until such time as any formal partnership arrangement is agreed.  For Planning Service recruitment, recent campaigns have resulted in appointments to the permanent establishment, with only two part-time posts and a newly established full-time post (ecologist) to fill.  <i>Internal Audit Comments:</i> We reviewed the corporate risk register to confirm that the Building Control risks had been added to the Corporate Risk Register. We also confirmed with the Head of Development and Place that the SLA had

been agreed with Erewash Borough Council to provide these services and recruitment in the Planning Team.

21/22. Risk Maturity	Where quarterly reviews of the risk registers take place, the services must ensure that the update columns in the registers are updated to provide the reader with a sufficient understanding of what changes have taken place since the previous quarter. Where no changes have occurred an explanation of why this is the case should be recorded.	Medium 	Tina Adams, Head of Finance and IT	<del>31/12/2022</del> <del>30/11/2023</del> 31/03/2024	<p><b>Management Comments:</b> Risk registers have been updated correctly following training delivered to staff in October 2023. The new Risk Management Strategy has been approved and the risk management processes will be implemented on the Ideagen System. The Corporate Risk Register continues to be reported to the Audit Committee.</p> <p><i>Internal Audit Comments:</i> We reviewed the updated Risk Management Strategy and confirmed the expectations set for the structure of risks registers to show changes to the previous quarter.</p>
21/22. Risk Maturity	The Risk Management Strategy and Framework should be updated to include the mechanisms in place to ensure discussions and decisions made at SLT meetings relating to the service risk registers are fed back to the relevant services in a timely manner.	Medium 	Tina Adams, Head of Finance and IT	<del>31/12/2022</del> <del>30/11/2023</del> 31/03/2024	<p><b>Management Comments:</b> The new Risk Management Strategy sets out the process for identifying risks and recording these. This also sets out the arrangements for feeding these back into services.</p> <p><i>Internal Audit Comments:</i> We reviewed the updated Risk Management Strategy and confirmed that it sets out the overarching risk management processes, including the escalating of risks and actions throughout the tiers of management.</p>
21/22. Environmental Health: Selective Licencing	<p>The Council should implement regular performance monitoring that identifies:</p> <ul style="list-style-type: none"> <li>• Number of cases that have not been responded to in the two-day period.</li> <li>• Number of cases that have not been closed in the appropriate timeframe as set by the Council.</li> </ul> <p>Access reports should be developed to extract key information on service requests for discussion at team meetings and reasons should be provided for exceptions. These should be monitored by the Head of Environment. We would suggest that this is carried out on a fortnightly basis to begin with until the backlog has been cleared.</p>	Medium 	Sam Palmer, Food, Health and Housing Manager	<del>31/03/2023</del> <del>30/11/2023</del> 31/03/2024	<p><b>Management Comments:</b> The Food, Health and Housing Manager runs a quarterly report listing open investigations, critical prioritised cases and cases responded to in time to discuss at team meetings. A separate sample test is conducted of five records and assessed using the audit checklist to ensure the service request records have been appropriately populated and whether they have been responded to within the appropriate timescale.</p> <p><i>Internal Audit Comments:</i> We reviewed the HSGCON performance reports for April 2024 and the Audit Checklist and confirmed that five records had been reviewed. This process is next due to be completed in June or July 2024.</p>

Following this, monitoring should be carried out at least monthly.

**21/22.  
Sustainable  
Environment**

The Council may want to consider best practice we have noted at another Council, which is to aid with the allocation and planning of required funding, the Council coded actions within its Carbon Management Plan as ‘resources identified’, ‘costs known’, ‘costs unknown’ and where applicable also identified the potential financial return on investment. However, we understand that the Council has limited capacity to undertake this task and may wish to direct resource elsewhere.

Medium



Melvyn Cryer,  
Head of  
Environment

~~31/03/2023~~

~~30/11/2023~~

31/03/2024

**Management Comments:** The Council is a member of APSE Energy which is a Local Authority Energy Collaboration partnership developed by member authorities to leverage and maximise the opportunities afforded to local authorities by working together on a national scale in the green energy agenda, using benchmarking and best practice initiatives. As members the Council attends APSE Energy conferences and events where partners benchmark and share initiatives and ideas that are being undertaken at other local authorities.

In 2023, Gedling Borough Council was declared the national winner at the APSE Annual Service Awards for the 'Best Collaborative Working Initiative.' The award recognized the Green Rewards initiative, distinguishing the Council from a competitive field that included metropolitan and city councils.



A collaborative bid led by Nottingham City Council has successfully secured £287,000 of Government funding from the 'Net Zero Living: through the Fast Followers' competition. The bid was submitted in partnership with Gedling Borough Council, Nottinghamshire County Council, Derby City Council, Derbyshire County Council, Broxtowe Borough Council and Rushcliffe Borough Council. Funded by the Department for Energy Security and Net Zero and Innovate UK, it aims to accelerate progress towards local climate goals. Achieving net zero in the region requires partners to work together, and the Fast Followers funding will build on the positive collaboration between Nottinghamshire and Derbyshire authorities moving forwards. The project started in July 2023 and runs until Autumn 2025.

Additionally in 2023, Nottinghamshire County Council received £5.55 million for Local Electric Vehicle Infrastructure (LEVI) for the Nottinghamshire area. The Council have been partnering and have consulted on this by putting forward suggestions where these 'charging points' could potentially be installed locally.

The Council have also developed a Climate Impact Assessment Template for its reports to ensure that the

climate change impacts of decisions are considered at a senior level.

*Internal Audit Comments: We reviewed the past three Cabinet papers, since January 2024, and confirmed that the Climate Impact Assessment is in place and being used for decisions.*

21/22. Sustainable Environment	The Council should consider developing an Environmental Risk/Impact Assessment to use in decision making and integrating carbon management into their Capital Strategy to ensure most effective use of resources and alignment of strategies.	Medium 	Melvyn Cryer, Head of Environment	31/03/2023 <del>30/11/2023</del> 31/03/2024	<b>Management Comments:</b> The Council has developed an Environmental Risk/Impact Assessment to use in decision making and integrating carbon management into their Capital Strategy to ensure most effective use of resources and alignment of strategies.
22/23. Workforce Strategy	<p>A. The Council should identify and document all key and critical roles across all service areas. The document should outline next steps if these become vacant. Actions could include timelines for when critical vacancies should be filled by, and next steps if they are not filled. Employment and Recruitment Agency Blue Arrow provides useful guidance for identifying key or critical roles, as roles that would meet at least one of the following criteria:</p> <ul style="list-style-type: none"> <li>• They are critical to achieving the organisation’s strategy, either in the design or the execution of that strategy. These are roles where the loss of a high-performing incumbent could result in organisational and, by extension, financial disruption.</li> <li>• They are a source of the organisation’s current comparative advantage; their capabilities provide differentiation</li> </ul>	Medium 	David Archer, Head of HR, Performance and Service Planning  Andrea Snodin, HR and Training Manager	30/04/2024	<p><b>Management Comments:</b></p> <p>A. A Critical Roles spreadsheet has been developed and is now available for managers to complete on a self-serve basis. This document includes examples of what should be identified for roles, including what actions will be taken over the next 12 months.</p> <p>B. The Workforce Strategy has been updated and now formally adopted following consultation with the Appointments and Conditions of Service Committee and is now included in the Employee Handbook.</p> <p>C. The PDR compliance and completion statistics were prepared in May 2024 as part of the annual process for assessing compliance, with action plans to be developed on skills gaps.</p> <p><i>Internal Audit Comments:</i></p> <p>A. We reviewed the Succession Planning Template for 2024-25 which lists critical roles across the Council and the evaluates the requirements for specific skills and internal/external talent requirements. Supporting guidance has been provided for staff on</p>

which enables them to provide a service for customers that is unique, faster or done so at a lower cost.

- They are a source of the organisation's future comparative advantage; their capabilities will enable the organisation to excel in the future - according to future risks and opportunities, for example (this means that some critical roles may not yet exist).
- B. Discussions with the Head of HR, Performance and Service Planning highlighted that the Council would like to foster a systematic approach to succession planning in the next Workforce Strategy, as they are aware of the risk in this area. The Council should carry out and document succession planning, with a particular focus on identifying key roles (sole specialists for example) to protect organisational knowledge and mitigate against organisational fragility. Successors may be selected either by informal methods, such as conversations with managers, or by formal methods, such as the performance review process and assessing competencies (and plugging any gaps through training). Therefore, completion of Performance Development Reviews is important for succession planning (please see Finding 1).
- C. By considering key changes that may occur over the next two years, the Council should identify and document the skills gaps which need to be addressed by carrying out Performance Development Reviews (please see Finding 1). Following this, the Council may wish to create an action plan to

*how to evaluate roles to assess whether they are business critical.*

- B. *We reviewed the report issued to the Appointments and Conditions of Service Committee for 20 March 2024 where the Workforce Strategy 2023-27 was outlined and noted it included a clear, systematic and appropriate approach to succession planning.*
- C. *We reviewed the PDR completion statistics for 2023-24 and confirmed that it was reported to Corporate Management Team for its oversight on compliance.*

address skills gaps (through training, for example), which is periodically reviewed.

**22/23. Workforce Strategy**

The Council should ensure that mandatory training is fully complied with by stipulated deadlines. Managers should follow up with staff who have not completed the training and raise non-completion during Performance Development Reviews. HR should send reminder emails to managers to ensure that they are monitoring completion. Regarding the Fraud Awareness course, this is managed by the Head of Finance, who should ensure completion by reminding managers of the importance of this, asking managers to follow up with employees who have not completed the course.

Medium



Andrea Snodin,  
HR and  
Training  
Manager

31/03/2024

**Management Comments:** Corporate Management Team has now identified a full suite of mandatory training which is more extensive than previously identified. Work is now being undertaken to:




- Identify a practical solution for the recording and monitoring of completion of this training.
- The placing of the training onto the Intranet for ease of access.
- The modification of admin systems (mainly in HR) to ensure that new starters are directed to complete appropriate mandatory training and that an annual PDR check is also included. This task requires additional resource and forms part of the HR Team’s Service Plan for 2024-25.

A spreadsheet is now being used as the basis of the training page on the Intranet and the workforce have been notified of their expectations through a communications exercise. An interim method has been implemented to monitor training completion and allows employees to record training completion through a self-service arrangement. Training completion rates for some front-line staff remains below the levels it should be, but this has been addressed via direct meetings between the HR Team and the two relevant Heads of Service on 16 April 2024 to identify solutions to this issue both for EDI training and more widely for all aspects of the corporate programme. Induction checklists have been modified to ask managers to sign off on completion of relevant mandatory training for new starters.

*Internal Audit Comments: We reviewed the Corporate Training Schedule for 2024-25 which outlines all mandatory training modules, who must complete these, the frequency by which these must be completed, the method of training delivery and the 'training window' for the module to be completed after starting the Council. We also reviewed a sample of chaser emails issued to non-compliant staff and meeting minutes with two heads of service to identify the*



most practical and effective methods for delivering corporate mandatory training to 'front-line' operational teams who had lower levels of compliance. Actions were agreed with rough costs on how the training could be the most effectively provided. This demonstrated a proactive and robust approach towards improving training completion across the Council.

22/23. Business Continuity and Emergency Planning	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	High 	Rebecca Hutchinson, Health, Safety and Emergency Planning Manager	31/07/2023 31/03/2024	<p><b>Management Comments:</b> RAB Consultancy have been commissioned to deliver a review and refresh of the BCPs and BIAs. This will include a review of the documents and providing templates/guidance on the documents.</p> <p><i>Internal Audit Comments:</i> We reviewed the project proposal from RAB Consultancy which clearly includes support and provision BIAs and BCPs.</p>
22/23. Business Continuity and Emergency Planning	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.	Medium 	Rebecca Hutchinson, Health, Safety and Emergency Planning Manager	31/07/2023 31/03/2024	<p><b>Management Comments:</b> RAB Consultancy have been commissioned to deliver a review and refresh of the BCPs and BIAs. This will include interviewing key staff across a range of areas to developed BCPs.</p> <p><i>Internal Audit Comments:</i> We reviewed the project proposal from RAB Consultancy which includes the production of BCPs and carrying our risks assessments through interviews with key staff.</p>
23/24. Council Tax and NNDR	<p>A. The Council should review a sample of overdue NNDR workflow items periodically to identify the root cause of these delays and identify clear actions to minimise these.</p> <p>B. The Revenues Team Leader should undertake a weekly review of the red cases on the Civica workflow report and to identify clear actions for the overdue</p>	Medium 	Andrew Solley, Revenues Manager	31/12/2023	<p><b>Management Comments:</b></p> <p>A. Team Leaders review the workflow system daily as part of the task of allocate work items to individual team members. Generally, the priority is determined on age of the work item, but Team Leaders have the option to re-prioritise items if they need to. In addition, at least one Revenues Officer is assigned to NNDR workloads each day. Furthermore, one of the Team Leaders is</p>

cases to ensure they are completed. This should include an analysis of the root cause of the delays for these NNDR cases, to implement measures to improve the timeliness of items.

- C. The Council should document an assessment regarding increasing its resource/capacity in the Revenues Team to ensure tasks can be completed in a timely manner.

assigned to NNDR work items dealing with the more complex cases.

- B. Team Leader’s daily tasks is to review the workflow situation and distribute work items to individual officers for completion and one Team Leader is also working on the complex cases in NNDR. Performance is reported regularly and is a subject at each team meeting to ensure the full team are aware of the workloads and our requirements.
- C. A restructure of the Revenues Team has been drafted and the Head of Finance has accepted this restructure is required in principle. However, the Council is undergoing significant change in its organisation structure from the top down. This needs to be finalised before a Revenues Team restructure can be approved and implemented. This will follow the Leadership Restructure. In the meantime, the Revenues Team has a contract with an on-demand agency staff provider to offer additional resource and is undertaking a procurement exercise to secure long term on-demand resource to further strengthen capacity.

*Internal Audit Comments: We confirmed that these actions had been taken to improve the prioritisation and allocation of actions, and the increases in capacity.*

23/24. Safeguarding

The Council should work to ensure that any strategic information cascaded from the NSAB is done so in a timely manner and is reported into the Corporate Safeguarding Board.

Medium 

Melvyn Cryer,  
Head of  
Environment


31/01/2024

**Management Comments:** The Chief Executive of Broxtowe Borough Council attends the NSAB on behalf of all district councils in Nottinghamshire. They brief the districts and boroughs on any strategic information that requires cascading down. This feeds directly into the South Notts Community Safety Partnership. The NSAB publishes its annual report and annual plan which the Council have access to.



*Internal Audit Comments: We reviewed the NSAB’s Terms of Reference, Annual Report and Strategic Plan which were provided to us by the Council.*



## RECOMMENDATIONS: IN PROGRESS

These recommendations have been marked as In Progress as they have not been implemented by their original date; a revised date has been provided.

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
22/23. Business Continuity and Emergency Planning	<p>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:</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>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.</p> <p>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</p>	High 	Rebecca Hutchinson, Health, Safety and Emergency Planning Manager	<del>31/07/2023</del> 31/03/2024 30/11/2024	<p><b>Management Comments:</b> RAB Consultancy have been commissioned to:</p> <ul style="list-style-type: none"> <li>Review and refresh the Business Continuity Policy.</li> <li>Carry out a Business Continuity Risk Assessment to identify key risks.</li> <li>Production of a Strategic Business Impact Assessment.</li> <li>Production of a Strategic Business Continuity Plan.</li> </ul> <p>This exercise will support the implementation of these audit recommendations.</p> <p><i>Internal Audit Comments: We will continue to follow up on this recommendation and report further updates to the Audit Committee as it falls due.</i></p>

timely manner. Spot checks on the completion of this should be performed by the Health, Safety and Emergency Planning Manager.

22/23. Business Continuity and Emergency Planning	<p>The Business Continuity Policy should be updated to reflect:</p> <p>A. Current practice with regards to BIAs/BCPs. This should:</p> <ul style="list-style-type: none"> <li>• Identify whether the Council will implement separate BIAs and BCPs or further develop the existing BIAs.</li> <li>• Establish whether BIAs/BCPs will cover departments or service areas underneath them (where appropriate).</li> <li>• Give guidance on what critical functions should be considering, including IT, HR, external suppliers and staff/public health &amp; safety.</li> </ul> <p>B. How the Council's Emergency Planning process and plans intersect with BCPs.</p> <p>C. Outline the process for escalating risks to the Risk Register.</p> <p>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.</p>	Medium 	Rebecca Hutchinson, Health, Safety and Emergency Planning Manager	31/07/2023 31/03/2024 30/11/2024	<p><b>Management Comments:</b> RAB Consultancy have been commissioned to:</p> <ul style="list-style-type: none"> <li>• Review and refresh the Business Continuity Policy.</li> <li>• Carry out a Business Continuity Risk Assessment to identify key risks.</li> <li>• Production of a Strategic Business Impact Assessment.</li> <li>• Production of a Strategic Business Continuity Plan.</li> </ul> <p>This exercise will support the implementation of these audit recommendations.</p> <p><i>Internal Audit Comments: We will continue to follow up on this recommendation and report further updates to the Audit Committee as it falls due.</i></p>
22/23. Business Continuity and Emergency Planning	<p>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.</p>	Medium 	Rebecca Hutchinson, Health, Safety and Emergency Planning Manager	31/07/2023 31/03/2024 30/09/2024	<p><b>Management Comments:</b> The Council have engaged the services of RAB Consultancy to oversee the process of getting the documentation in order. Outcomes of their work as agreed at the start of the project will be amended team plans including a risk assessment, a strategic plan and a policy to meet the recommendations in the audit.</p> <p><i>Internal Audit Comments: We will continue to follow up on this recommendation and report further updates to the Audit Committee as it falls due.</i></p>

20/21. Health and Safety	<p>A. The Car Parks Maintenance Policy should be reviewed and updated accordingly. The policy currently requires the street lighting to be inspected four times a year, but they are now only inspected twice yearly. It should be ensured that the current inspection regime is risk assessed and is adequate in its reduced frequency. This policy should then be approved/ratified accordingly.</p> <p>B. A policy for the inspection of Council managed open spaces should be written and approved accordingly.</p> <p>C. Review whether there are inspection policies available for all Council managed sites and ensure a consistent approach to the monitoring of inspection processes is undertaken. The HSEPO should look to identify whether service areas are high, medium or low risk in relation to their need to conduct sufficient inspections (for example, open spaces, leisure and transport would be high risk, office-based areas would be low risk).</p> <p>D. Ensure that policies developed, in particular relating to Open Spaces, include sufficient processes for addressing any defects noted. Specific time frames and guidance for prioritising work on defects should be included, for example RAG ratings could be used to indicate severity of observed defects.</p>	Medium 	<p>Emma Wimble, Property Services Manager</p> <p>Tanya Najuk, Head of Regeneration and Welfare</p>	<p><del>31/08/2022</del> <del>30/11/2023</del> <del>31/03/2024</del> 30/09/2024</p>	<p><b>Management Comments:</b> Car park charges were reviewed and revised during 2023-24. The car park machines are to be upgraded in 2024-25 with the intention of offering customers the opportunity to pay via an app. Ambition Arnold Project includes a review of car park provision in the Borough's primary town. There is now an inspection regime in place for the car parks.</p> <p><i>Internal Audit Comments: We were informed on Ideagen that this recommendation had been completed however, supporting evidence was not provided, therefore we have recorded this as In Progress and it will be followed up on again at a later Audit Committee.</i></p>
23/24. Safeguarding	<p>A. The Council should contact the County Council to extract a monthly or quarterly report from the Learning Pool system showing which shows the last date that the four mandatory modules were completed by each member of staff. As part of this process, it should</p>	High 	<p>Melvyn Cryer, Head of Environment</p> <p>Nikki Pekal, Community</p>	<p><del>31/03/2024</del> 30/09/2024</p>	<p><b>Management Comments:</b></p> <p>A. The Council's Safeguarding Officer has chased up the County Council's Learning Hub and has obtained the data figures from the Learning Pool system which show the dates that the mandatory modules were completed by each member of staff to date. The compliance rate</p>

investigate whether the compliance rate can be reported with a breakdown of service area. This should be reported to the Corporate Safeguarding Group.

- B. Heads of Service should be given a list of all staff that have not completed the safeguarding modules and/or have not completed modules in the past three years. Heads of Service should then be responsible for communicating with line managers to ensure these staff complete the training.
- C. The Council should consider whether completion of mandatory training modules is incorporated into the annual staff performance review process.
- D. For roles that have been identified as higher risk, the Corporate Safeguarding Group should assess whether additional budgets should be provided for training to be delivered specific to safeguarding in that role. For instance, the Homelessness Team may benefit from safeguarding training focused on scenarios that they may come across in that role.

Safety and Safeguarding Officer

was reported, with a breakdown in service area, into the Corporate Safeguarding Group.

- B. Heads of Service were provided with a list of all staff that have not yet completed the safeguarding modules and who need a refresher as they last completed it over three years ago. Heads of Service were made aware at this meeting that they were responsible for communicating with line managers to ensure these staff complete the training.
- C. This mandatory training has been incorporated into the annual staff performance review process for all service areas.
- D. Higher risk Safeguarding roles are now being prioritised with specific training in their required areas, eg., Homelessness and the vulnerabilities surrounding this area, whereas frontline staff in general are being provided with more generic training in the subject matter and on reporting procedures.

*Internal Audit Comments: We were informed on Ideagen that this recommendation had been completed however, supporting evidence was not provided, therefore we have recorded this as In Progress and it will be followed up on again at a later Audit Committee.*

**23/24. Safeguarding**

- A. The Council should contact the NSCP to ascertain its next steps for completing the May 2023 Section 11 self-assessment.
- B. Once the Section 11 self-assessment has been completed an action plan should be developed, assigning each action to a responsible officer and a target date. This should be monitored by the Community Safety Officer and reported to the Corporate Safeguarding Group quarterly for its oversight of the progress of these actions.

High 

Melvyn Cryer,  
Head of Environment

31/01/2024  
30/09/2024

Nikki Pekal,  
Community Safety and Safeguarding Officer

**Management Comments:** The Section 11 Report has been completed as required and submitted to the County Council. The arising action plan and delivery has been discussed at the Corporate Safeguarding Group meeting. The completion of the actions remains ongoing.

*Internal Audit Comments: We were informed on Ideagen that this recommendation had been completed however, supporting evidence was not provided, therefore we have recorded this as In Progress and it will be followed up on again at a later Audit Committee.*

23/24.  
Safeguarding

- A. The HR Team should document its assessment for amending its current DBS policy within its Employee Handbook to assess whether it should introduce a re-review or checking scheme of DBS checks on a periodic basis.
- B. Where DBS certificates are recorded as 'Missing' on the HR Team's 'DBS Details' spreadsheet, these should be obtained as a priority matter.

Medium



Fran Whyley,  
Deputy Chief  
Executive

31/01/2024




30/09/2024

**Management Comments:** The Council are currently investigating more regular DBS checks for higher risk areas.

*Internal Audit Comments: We have amended the due date for this recommendation and will follow up further on the revised due date.*

## RECOMMENDATIONS: OVERDUE

These recommendations have been marked as overdue as they were initially raised and had a due date over one year ago.



AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
Legacy. Contract Management and Procurement	Once the Council has its own licence for the e-procurement system a digital register facility will be available for use through the Contract Management module. All Council contracts will then be held on this system.	Medium 	Tina Adams, Head of Finance and IT	<del>31/12/2022</del> <del>31/03/2024</del> 30/09/2024	<p><b>Management Comments:</b> The In-Tend System has not been implemented due to the availability of the supplier to carry out training sessions for staff. The training is expected in June 2024, over the next quarter the contracts will be put into the system, the revised date for this is expected by September 24. This recommendation will be superseded by the 2024-25 Procurement and Contract Management review and will therefore be removed from the follow up process.</p> <p><i>Internal Audit Comments: The use of the In-Tend System for procurement management will be Procurement and Contract Management review planned for 2024-25. Therefore, this recommendation will be superseded by any recommendations from the 2024-25 review once that has been completed.</i></p>
Legacy. Property Investment, Miscellaneous Properties and Facilities Management	Finalise plans for programme of property asset condition surveys and obtain necessary resources	Medium 	Emma Wimble, Property Services Manager	<del>30/09/2022</del> <del>31/03/2024</del> 30/11/2024	<p><b>Management Comments:</b> The Budget has been provided as part of the 2024-25 Budget process for condition surveys for the 22 properties with outstanding condition surveys.</p> <p><i>Internal Audit Comments: We will continue to follow up on this recommendation and report further updates to the Audit Committee as it falls due.</i></p>
21/22. Risk Maturity	Provide risk management training to all staff across the Council on a periodic basis as part of mandatory training cycles. The level of training should be proportional to the level of responsibility for risk management the officer/member holds.  Heads of service and managers should be provided with comprehensive training to enable them to identify and adequately	Medium 	Tina Adams, Head of Finance and IT	<del>31/12/2022</del> <del>31/03/2024</del> 30/09/2024	<p><b>Management Comments:</b> The new Risk Management Strategy has been written and approved by the Audit Committee. The roll-out of the Strategy has not yet been possible due to other pressing demands on resources. A working group has been established as a regular forum to progress the new process, which will likely be implemented in the second quarter of the year.</p>



document a risk, identify appropriate mitigating controls and assurances and identify SMART actions to mitigate the risks.

Officers below manager level should be provided with training to give them a sufficient understanding and appreciation of the importance of risk management and how it impacts their role. As a minimum, it should be every officer's responsibility to be aware of what risk is, to be able to identify factors that could indicate an increased level of risk that may need to be escalated to their manager and to report on this when it is identified.

*Internal Audit Comments: We will continue to follow up on this recommendation and report further updates to the Audit Committee as it falls due.*

<p>21/22. Risk Maturity</p>	<p>Once the other recommendations from the report have been implemented and embedded to improve the foundations of the Council's risk management function, KPIs should be used to measure the effectiveness of risk management activity at the Council. This can include the proportion of risks operating at the target level and/or the overall effectiveness of risk management (current risk versus target risk etc.). See Appendix II for a list of possible KPIs.</p>	<p>Medium </p>	<p>Tina Adams, Head of Finance and IT</p>	<p><del>31/12/2022</del> <del>31/03/2024</del> 30/09/2024</p>	<p><b>Management Comments:</b> As with the recommendation above, this will be completed over the next quarter once the new Risk Management Strategy is fully implemented.</p> <p><i>Internal Audit Comments: We will continue to follow up on this recommendation and report further updates to the Audit Committee as it falls due.</i></p>
<p>20/21. Environmental Health and Enforcement: Warden Enforcement</p>	<p>A. The Council should develop an Environmental Enforcement Policy which includes a statement that the Council is committed to delivering regulatory activities in a manner that is risk-based, proportionate and consistent. The Council should consider including a formal procedure to guide officer work prioritisation.</p> <p>B. Service teams should consider developing high level work plans for the week for each officer taking into account Service Plan actions, role specific commitments and service requests. This would help officers prioritise and manage work and provide</p>	<p>Medium </p>	<p>Kevin Nealon, Community Protection and Pollution Control Manager</p>	<p><del>30/11/2023</del> <del>31/03/2024</del> 30/11/2024</p>	<p><b>Management Comments:</b> The Council currently has the following policies and plans in place:</p> <ul style="list-style-type: none"> <li>• Environment Enforcement Policy 2023.</li> <li>• Health and Safety Service Plan.</li> <li>• Food Service Delivery Plan.</li> <li>• Public Protection Enforcement Policy.</li> <li>• Gedling Private Sector Housing Policy.</li> <li>• Private Sector Housing Civil Penalties Policy.</li> </ul> <p>A request to prepare a combined Environment Enforcement Policy in 2023-24 has not been achieved and has been carried forward into 2024-25.</p>

management insight over department capacity.

*Internal Audit Comments: We will continue to follow up on this recommendation and report further updates to the Audit Committee as it falls due.*

**20/21. Environmental Health and Enforcement: Warden Enforcement**

- A. To develop an Environmental Enforcement Policy detailing as a minimum authority to investigate, choice of appropriate enforcement activity, fixed penalty levels and definitions of environmental offences and legislation.
- B. The policy should also set out how enforcement activity will be prioritised, as mentioned in Finding 1, to aid the Council in basing their regulatory activities on risk in line with the Regulator’s Code.

Medium



Kevin Nealon,  
Community Protection and Pollution Control Manager

~~30/11/2023~~  
~~31/03/2024~~  
30/11/2024

**Management Comments:** Per the comment to the recommendation above, a combined Environment Enforcement Policy in 2023-24 has not been achieved and has been carried forward into 2024-25.

*Internal Audit Comments: We will continue to follow up on this recommendation and report further updates to the Audit Committee as it falls due.*

FOR MORE INFORMATION:

**GURPREET DULAY**

Gurpreet.Dulay@bdo.co.uk

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## Report to Audit Committee

**Subject:** Internal Audit Draft Annual Report 2023/24

**Date:** 23 July 2024

**Author:** Gurpreet Dulay – Internal Audit Partner

### Purpose

To provide the Head of Internal Audit Opinion based on the outcome of the internal audit activity completed by the BDO Internal Audit Team in accordance with the approved 2023/24 Internal Audit Plan.

#### Recommendation(s):

##### THAT:

- 1) Members to note the Internal Audit Annual Report and Head of Internal Audit Opinion for 2023/24.**

## 1. Background

- 1.1 The Internal Audit Annual Report and Head of Internal Opinion for 2023/24 provides a summary of Internal Audit's work and assurance for the year from 1 April 2023 to 31 March 2024, in accordance with the Strategic Internal Audit Plan approved by the Audit Committee on 14 March 2023. The conclusion and key findings from each audit have been summarised with the control design and control effectiveness opinion.
- 1.2 Internal Audit's opinion of the Council internal controls is Moderate for 2023/24, based on the balance of the opinions issued from our audits in the year and the engagement with our follow up process. This is an improvement from the prior year.

## 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 Internal Audit Annual Report and Head of Internal Audit Opinion provides an overview of the BDO Internal Audit Team's activity and opinion of the Council's internal control system for 2023/24.

### **3. Financial Implications**

- 3.1 The Internal Audit Plan was delivered within the approved budgets.

### **4. Legal Implications**

- 4.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and governance processes. This report provides internal audit's annual opinion of the Council's system of internal controls for 2023/24 and is provided to this Committee in accordance with the Council's Constitution and delegations contained therein.

### **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 - GBC - 2324 - Annual Report

# **INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE**

**GEDLING BOROUGH COUNCIL**

**2023-24**

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# SUMMARY OF 2023-24 WORK

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:

- ▶ Community Health and Wellbeing (with focus on Leisure Services).
- ▶ Council Tax/National Non-Domestic Rates (NNDR)
- ▶ GDPR Information and Governance
- ▶ Generating External Income
- ▶ Budget Setting and Efficiency Savings
- ▶ Health and Safety
- ▶ Main Financial Systems
- ▶ Project and Programme Management
- ▶ Safeguarding

We have detailed the opinions of each report and key findings on pages five to 12. Our internal audit work for the period from 1 April 2023 to 31 March 2024 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 other key operational and strategic systems. 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 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 Annual Report provides our 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. The basis for forming our opinion is as follows:

- ▶ We have reached an overall opinion of Moderate assurance, which is a positive level of assurance and demonstrates the work undertaken by the Council to strengthen its internal control environment. This is an improved opinion to 2022-23 where Limited assurance was provided. Therefore, the Council are on a positive trajectory, with better engagement with internal audit across the organisation and a clear commitment to enhance controls.
- ▶ The improvement assurance we have provided is partly driven by the results of our follow up process, which was a significant factor in the prior year's Limited assurance opinion. There has been a strong push from the Senior Leadership Team (SLT) to improve the completion of recommendations, including some historic recommendations raised by the previous internal audit service which remain outstanding. To streamline the follow up process, we now have direct access to the Council's performance management system, Ideagen, which has supported ongoing updates on the completion of audit recommendations. We also presented our audit follow up process to the Corporate Management Team (CMT) in October 2023. These transformations in process have led to an improvement in the completion of recommendations, with 93% of 2021-22 recommendations and 67% of 2022-23 recommendations fully implemented. There is still scope

to improve the recommendation completion further, however, the direction of travel has been positive.

- ▶ Across our audits completed in 2023-24, five have received Moderate assurance for either the control design, the control effectiveness or both. We have only provided Limited assurance for one report, which was Safeguarding where the Council have reduced levels of responsibility as a lower tier authority. There have also been several reviews where we have provided Substantial assurance over controls, notably Council Tax and NNDR where Substantial assurance was provided for the control design and assurance. There has been an increase in the number of reviews that have been given Substantial assurance for the effectiveness of controls.
- ▶ Despite vacancies within the SLT, there has been positive engagement with us throughout the year, with better direct communication channels with CMT. This has been enabled by us attending two CMT meetings throughout the year, to present our follow up process and our internal audit plan. Some delays remain in obtaining responses to follow up and audit documentation requests however, clear escalation channels are in place for us to raise these to SLT. We also recognise the resource challenges that the Council have faced over recent months due to other priorities, i.e. elections.
- ▶ The Council have prepared a new Risk Management Strategy and Framework which was presented to the Audit Committee in March 2024, then approved by Cabinet. While this is yet to be fully implemented due to other priorities, this supports an improved control environment for risk management.
- ▶ The Council had a follow up to the Local Government Association's peer review challenge in November 2023. This report highlighted its 'commitment to sector-led improvement to honesty, openness and self-awareness'. The report, presented to Cabinet on 28 March 2024 with the updated Action Plan, broadly identified positive progress in each of the nine recommendations raised in the corporate peer challenge review. Additionally, the Council won an award for the 'Best Collaborative Working Initiative' category at the Association for Public Service Excellence awards for 2023. This was for its collaborative environmental work as part of the Green Rewards campaign to incentivise residents taking actions to reduce the impact of climate change.
- ▶ There continue to be challenges over the Council the completion of its financial accounts. The 2021-22 and 2022-23 Statement of Accounts remain unaudited and, consequently, there has been a delay in publishing the 2023-24 accounts. While we appreciate that there are specific, historic challenges causing these delays and this is a wider challenge across the sector, this indicates a weakness in financial reporting.

# REVIEW OF 2023-24 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Community Health & Wellbeing (with focus on Leisure Services)	-	1	1	Moderate	Substantial	<p><u>Conclusion</u></p> <p>We provided Moderate assurance for the control design and Substantial assurance for the control effectiveness for its community health and wellbeing arrangements. There was a positive approach to partnership working with other local authorities, charities/volunteer sector organisations and private organisations to deliver shared objectives and the Council had a leading role on the Gedling Health and Wellbeing Partnership and contributed to the South Nottinghamshire Place-Based Partnership on specific programmes. Reporting to these groups on the use of external funding was adequate.</p> <p>However, external reviews of the Council’s facilities and strategies and facilities identified that significant investment is required for its leisure facilities to ensure that these remain fit for purpose in the short and long term. Some funding has been claimed from Sport England’s Swimming Pool Support Fund but an action plan has not been developed to identify how the Council will implement higher and more urgent actions from the external reviews, including budgeting for the capital investment.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ An external review of the Council’s Playing Pitch and Outdoor Sport Strategy which recommended significant investment in the Council’s leisure sites, totalling £25m. Additionally, a separate review recommended a number of actions for each of the Council’s leisure centres to enable it to meet its leisure and wellbeing strategies. The Council have not yet developed a costed action plan to address the recommendations, prioritising the proposed actions for capital investment.</li> <li>▶ The Gedling Health and Wellbeing Partnership terms of reference was not up-to-date and did not reflect the current governance structures. The Council is the secretariat to the group.</li> </ul>
Council Tax/NNDR	-	1	1	Substantial	Substantial	<p><u>Conclusion</u></p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>There were substantial controls in place for the management of council tax and NNDR and these were implemented effectively by the Revenues Team.</p> <p>Council tax and NNDR liabilities were calculated accurately on the Civica System, with discounts and exemptions applied correctly on the basis of appropriate evidence. Furthermore, debt recovery arrangements were in place and followed to recover payments from occupiers. Collection performance for 2022-23 was 97.8% and 98.3% for council tax and NNDR respectively, which was higher than the average for councils in Nottinghamshire and across England.</p> <p>Some issues were identified around the timeliness of billing for new NNDR occupiers which could impact the Council's receipt of income. Additionally, write-offs are only processed annually. These were driven by the resource challenges in the Revenues Team and the simultaneous increase in demand for it to administer government-issued grants.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ In eight instances (80%) of new NNDR liabilities reviewed, the bill was not issued to the occupier within 14 days of the Council being notified of the new liability. The timeliness of performance is monitored by KPIs on Ideagen.</li> <li>▶ Write-offs were only processed annually at the end of the financial year, potentially resulting in the Council expending its resources on attempting to recover irrecoverable debts. Furthermore, there was one write off request form that took almost four years to approve.</li> </ul>
GDPR Information and Governance	1	-	2	Moderate	Moderate	<p><u>Conclusion</u></p> <p>We concluded that the Council had a Moderate design and effectiveness of controls for its management and governance of GDPR. There was one high finding raised due to the inadequate detail on the Information Asset Registers, in the absence of a formal Record of Processing Activity (RoPA).</p> <p>Other key issues were identified for the out-dated Retention and Disposals Policy and omissions in the GDPR training.</p> <p>Our review identified a range of good practice in relation to the Council's management and compliance with GDPR, including a sufficient Data Protection Policy in place. There was also high levels of compliance across the Council in completion of GDPR training.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ The Information Asset Registers had limited detail outlining how, when and why information is processed, as required by UK GDPR. The Legal Team have developed a new RoPA template which will require more detail.</li> <li>▶ The Records Retention and Disposals Policy has not been reviewed since October 2020, although it should have been reviewed every three years</li> <li>▶ The UK GDPR training could provide more information to staff on where a Data Protection Impact Assessment may be required.</li> </ul>
Generating External Income	-	4	-	Moderate	Moderate	<p><u>Conclusion</u></p> <p>We concluded that the Council had a Moderate design and effectiveness of controls for generating external income, which is a key area for local authorities to off-set budget challenges. This included the process for setting fees and charges, incorporating appropriate increases.</p> <p>While some departments adopted an evidence-based approach of costs to ensure the fee recovered expenditure associated in providing a discretionary service, this was not reflected across all departments. For instance, there was a lack of market intelligence and awareness of costs of service applied to fees for Environmental Services and Leisure Services. Additionally, there were some gaps identified in the policy framework, such as the Corporate Charging Policy remaining in draft and the lack of a strategic approach towards identifying and bidding for grant income.</p> <p>Similarly, despite the External Funding Policy being in place, this was outdated and the governance structures of an External Funding Steering Group to oversee grant bids was not in place and the bid register was not maintained. The Council also does not have an officer responsible for identifying and supporting writing grant bids, which could lead to a haphazard approach to bidding for grants that are not necessarily aligned to the strategic priorities. There did not appear to be a coordinated and strategic approach to generating external income by the Council, with some good practice identified in service areas but not consistently across all services areas. This is a key area for the Council to offset increasing cost pressures, with the risk of “Council to meet its financial commitments in the longer term” identified as a red risk on the Corporate Risk Register.</p> <p><u>Key Findings</u></p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>▶ Roles and responsibilities for heads of service for annually reviewing and setting charges were not explicitly defined in the draft Corporate Charging Policy. Additionally, this policy has remained in draft for several years.</li> <li>▶ Some service areas applied blanket increases for its discretionary fees and charges of 3-5% without conducting an analysis of the costs associated in providing the service.</li> <li>▶ Staff were unclear on how to conduct market intelligence to support the setting of fees and charges. As such, there was limited market intelligence conducted for the discretionary fees and charges reviewed within our sample.</li> <li>▶ The External Funding Strategy had not been reviewed since 2019 or implemented leading to staff being unaware that it existed. Processes were not in place for identifying external funding opportunities and strategically submitting bids for applications that align to the Gedling Plan priorities.</li> </ul>
Budget Setting and Efficiency Savings	-	2	1	Moderate	Substantial	<p><u>Conclusion</u></p> <p>We have provided Moderate assurance for the design of controls and Substantial assurance for the effectiveness of controls.</p> <p>There were robust processes in place to oversee the budget setting process, with engagement with heads of service and Members throughout, although this is not evidenced with regard to minutes or outcome documents. Similarly, there was clear guidance on the development bid requirements for new expenditure in the Budget and on the efficiency savings targets. However, due to resource challenges in the Finance Team, with other important priorities to manage, the budget setting process started late this year. This meant that all meetings were pushed back to later than originally timetabled for and there was less time available to complete each action on the Budget Timetable. However, the Budget was still approved by Full Council on 6 March 2024.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ The budget setting process started later than planned for 2024/25, resulting in delays to some parts of the process. This reduced the overall time available to consult with relevant stakeholders.</li> <li>▶ Budget setting meetings between heads of service, finance business partners and subsequently portfolio holders were not minuted and therefore we did not receive</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						outcome documents resulting from these meetings which would have allowed us to further scrutinise any decisions made.
Health and Safety	-	3	2	Moderate	Moderate	<p><u>Conclusion</u></p> <p>There were Moderate controls in place to manage health and safety following the in-sourcing of the Health and Safety Team in October 2022, and these were broadly applied effectively. The Health and Safety Policy was updated in January 2023 which provided a clear and reasonable framework for health and safety. However, our review of a sample of incidents/accidents identified that evidence of the investigation and outcomes was often not retained on AssessNET to explain the reason why it had been closed. This is the responsibility of the service area. Similarly, the quality and completion of risks assessments varied between service areas.</p> <p>There was adequate reporting of incidents to the Corporate Health and Safety Group.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ Parks and Street Care risk assessments were out of date and inadequate, with a lack of specificity over the key risks and controls relating to their service activity</li> <li>▶ The contractor list, recording whether contractors had sufficient competencies on health and safety and held sufficient insurance cover, had not been updated since November 2021. Additionally, contractor documents demonstrating health and safety arrangements were not held centrally resulting in the Health, Safety and Emergency Planning Manager not having direct access to key documentation.</li> <li>▶ Risk assessment training has not been provided to service managers across the Council since 2019. As there was a variation in quality of risk assessments identified in this review, training for service managers could result in an improvement in the completion of assessments.</li> </ul>
Main Financial Systems	-	4	1	Moderate	Moderate	<p>Main financial systems are a cyclical audit and therefore, we agree with the Head of Finance and ICT the area of focus each year. This year the focus of the review was on the Council's accounts receivables arrangements.</p> <p><u>Conclusion</u></p> <p>The Council had a Moderate control design and effectiveness for its accounts receivables processes. There were policies in place for debt recovery however, these were out of date</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>and did not reflect actual processes. This led to inconsistent and non-compliant processes being applied by different services areas across our sample of debts, including some instances where there had been inactivity to recover the debt for several years.</p> <p>Additionally, there was inadequate reporting on the debt position to SLT for effective oversight. The overall direction of travel was positive with a reduction in the value of overdue balances, although, this could be distorted by the change in payment model for garden collection.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ The Senior Leadership Team (SLT) did not receive information about the overdue debt balances, breakdowns by departments, aged of debts, etc. limiting its oversight of debt recovery performance</li> <li>▶ Debt recovery and write-off policies were outdated and had conflicting requirements which could reduce the clarity and consistency of the Council’s approach to debt recovery</li> <li>▶ Some instances were identified where there was not a proactive approach for debt recovery resulting in invoices remaining unpaid for several years</li> <li>▶ Rent review documentation for rent increase calculations was not retained for some contracts. Therefore, we were unable to verify that customers were invoiced accurately in these instances.</li> </ul>
Project and Programme Management	-	1	1	Substantial	Moderate	<p><u>Conclusion</u></p> <p>We concluded that there were Substantial controls in place for project management across four projects reviewed, ranging between Tier 1 and 2. Each project that we reviewed complied with the governance structures, with robust business case that set out the project outcomes, risks, and finances. These were all approved by the Programme Board and/or Cabinet.</p> <p>There have been recent changes to the governance structures with the dissolution of the Programme Board and establishment of CMT, who have a more proactive role in overseeing the progress of projects. This has not been reflected in the guidance. Furthermore, there was not formal reporting on the Arnold Market Place project regularly throughout the project, although the initial phase is now complete.</p>



Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>For the Arnold Market Place project (Tier 1), highlight reports were not prepared for the Programme Board in 2022, with the exception of September 2022, due to high staff turnover and a restructure of the project team. We understand that presentation slides were prepared to report on the progress to Members during this period, but these could not be access during our review.</li> </ul>
Safeguarding	2	2	-	Limited	Limited	<p><u>Conclusion</u></p> <p>Overall the Council had Limited controls in place to manage it safeguarding across the organisation and to cooperate with other partners. Although, lower tier local authorities have fewer responsibilities for safeguarding in comparison to county and unitary councils, but it does have a duty to train staff on safeguarding and ensure background checks are completed for staff in public facing roles. However, in both of these areas, effective processes were not in place and we identified low levels of training compliance (30.4%) of the mandatory e-learning modules. Similarly, while clear procedures were in place to obtain DBS checks for public facing staff in the recruitment process, these were not renewed periodically. This resulted in some staff not having a DBS check for over 20 years.</p> <p>Furthermore, there was a lack of cooperation with partners at a strategic level with the Council not having any representation at the Nottinghamshire Safeguarding Adults Board (NSAB). This has led to mis-communication and officers responsible for managing safeguarding not being aware of duties, such as completing the Section 11 self-assessment.</p> <p>Internally there were reasonable governance structures, including robust and up-to-date policies and effective oversight and direction on safeguarding matters provided by the Corporate Safeguarding Group.</p> <p><u>Key findings</u></p> <ul style="list-style-type: none"> <li>Training compliance of the four mandatory e-learning modules was only 30.4%. Furthermore, the training approach and content was not tailored depending on the level of safeguarding risk to job roles.</li> <li>The Council had not completed the Section 11 self-assessment that was due in May 2023. A previous self-assessment had been completed in May 2021 but the Council only</li> </ul>

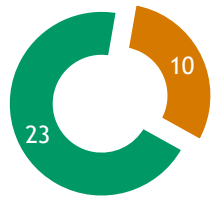
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>recently developed an action plan to implement these actions in September 2023.</p> <ul style="list-style-type: none"> <li>▶ DBS checks and enhanced DBS checks were not renewed for staff in public facing roles, resulting in the most recent check for some staff being more than 20 years ago. Additionally, there is one member of staff who was employed in May 2023 whose DBS number on the HR Team's DBS check list is show as 'Missing', suggesting that suitable checks may not have been conducted on this employee.</li> <li>▶ The Council does not attend the NSAB which led to communications or messages being missed.</li> </ul>

# SUMMARY OF FINDINGS

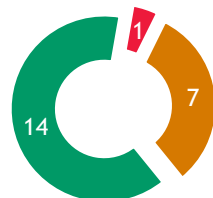
## RECOMMENDATIONS AND ASSURANCE DASHBOARD

### Recommendations

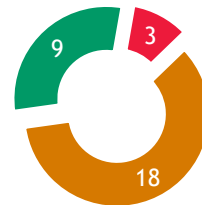
2021-22



2022-23



2023-24

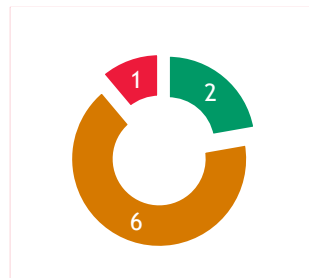
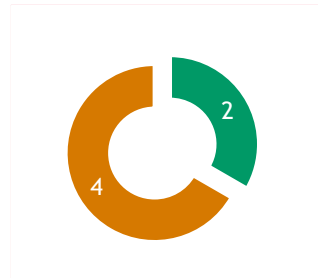
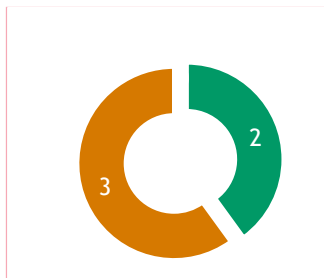


■ High ■ Medium ■ Low

In 2023-24 there were 30 recommendations, including three High significance recommendations raised in the Safeguarding (2) and the GDPR Information and Governance (1) reviews.

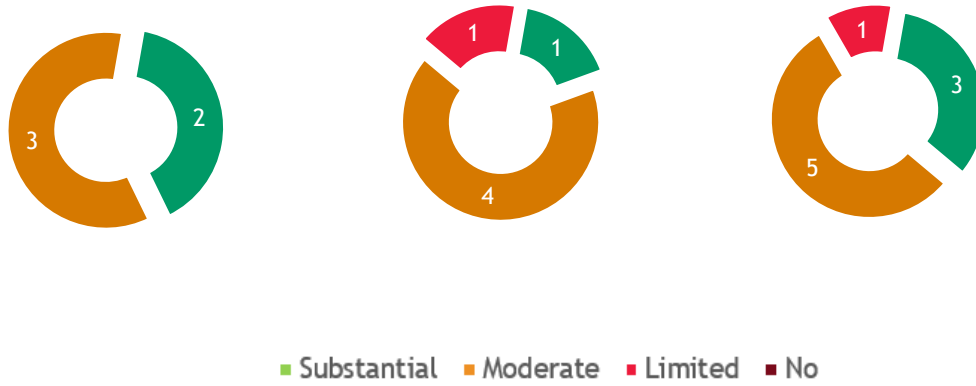
This is an increase from the previous year, with a greater proportion of recommendations being High or Medium. However, there were more audits completed than in the previous year, where there was a higher number of advisory reviews.

### Control Design



In 2023-24 there was report issued with Limited assurance and six reports issued with Moderate assurance over the design of controls. This is an increase from the prior years.

## Operational Effectiveness



In 2023/24 there was one report issued with Limited assurance and five reports issued with Moderate assurance over the effectiveness of controls.

This is consistent with the previous year, however, there has also been an increase the number of Substantial assurance opinions demonstrating the improvement in the operation of controls.

# ADDED VALUE



## USE OF SPECIALISTS

We used IT specialists to carry out the GDPR Information and Governance review. Additionally, all our staff used on reviews are local government specialists and work solely on public sector clients.



## FOCUSED APPROACH

Our Internal Audit Plan focused on the higher risk areas for the Council to provide greater value. This is reflected in the increase in the number of findings.



## ADAPTABLE

We have been adaptable throughout the year, to ensure our ways of working are fully aligned to the Council's to minimise any additional training or system requirements for staff. For example, we have been set up on the Ideagen performance management system for our audit recommendation follow up to maintain consistency for Council staff with existing reporting arrangements.



# KEY THEMES

## PEOPLE



The Council welcomed our internal audits and provided us with strong levels of time and support during our reviews, whether delivered remotely or in-person. This demonstrates the organisation's positive approach towards internal audit and enhancing internal controls. We also attended CMT meetings and pre-Audit Committee meetings with senior staff to provide a collaborative internal audit service.

## INCOME CHARGING AND COLLECTION



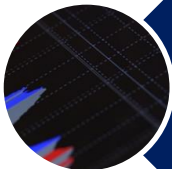
We recognise the importance of income generation to local authorities, therefore our plan reflected this and had a focus on income charging and collection to support this objective. This included: Council Tax and NDR, Main Financial Systems (Accounts Receivables) and Generating External Income.

## STRATEGIES AND POLICIES

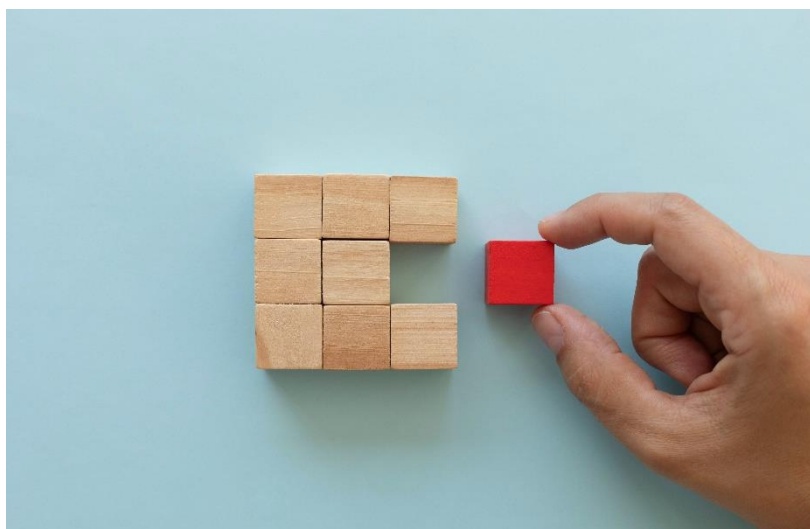


While strategies and policies were broadly in place, several were not kept up to date and consequently did not reflect the Council's actual arrangements, notably the Project Management Framework. Other policies, such as the Corporate Charging Policy and External Income Policy were out of date and had not been reviewed.

## INTER-AUTHORITY PARTNERING AND COOPERATION



Our audits considered the Council's cooperation with other public and third-sector partners, recognising the importance of a collaborative approach to achieve shared objectives. There were some significant recommendations raised in the Safeguarding review where there are opportunities for the Council to further contribute to a County-wide approach.



# BACKGROUND TO ANNUAL OPINION

## Introduction

Our role as internal auditors to Gedling Borough Council (the Council) is to provide an opinion to the 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 April 2023 to March 2024 was carried out in accordance with the internal audit plan approved by the Corporate Management Team 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.

## 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 2023-24 Internal Audit Annual Plan which has been 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.

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 contact 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. All reports are also shared with the Corporate Management Team member responsible for the area to obtain their approval of the management responses, to ensure there is senior ownership and agreement to the recommendations and implementation dates.

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, in some cases providing audit evidence promptly and allowing the reviews to proceed in a timely manner, including opportunities to discuss findings and recommendations prior to the issue of draft internal audit reports. Management responses to draft reports were mostly within our requested time frame, however, there were some instances where the turnaround of draft reports was slow. However, these were often due to competing priorities and management maintained an open dialogue with us to agree timings for the management responses where there were delays.

## 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.

In 2022/23 we reported a low level of completion of audit recommendations to the Audit Committee, potentially exposing the Council to risks in its arrangements. There has been a significant improvement in 2023/24 with a stronger drive from SLT to ensure staff have ownership of their actions and are accountable for implementing them. This has included a refreshed approach to follow up and internal audit having direct access to Ideagen for continuous updates of the implementation of actions. We have also presented this approach to CMT to ensure that there is awareness of the responsibility to implement actions at a senior level. There remain some historic recommendations that are incomplete and have had a number of revised due dates however, there has been an improvement. Of the 2021/22 recommendations raised, 93% are now completed and 67% of 2022/23 recommendations are completed.

## 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.



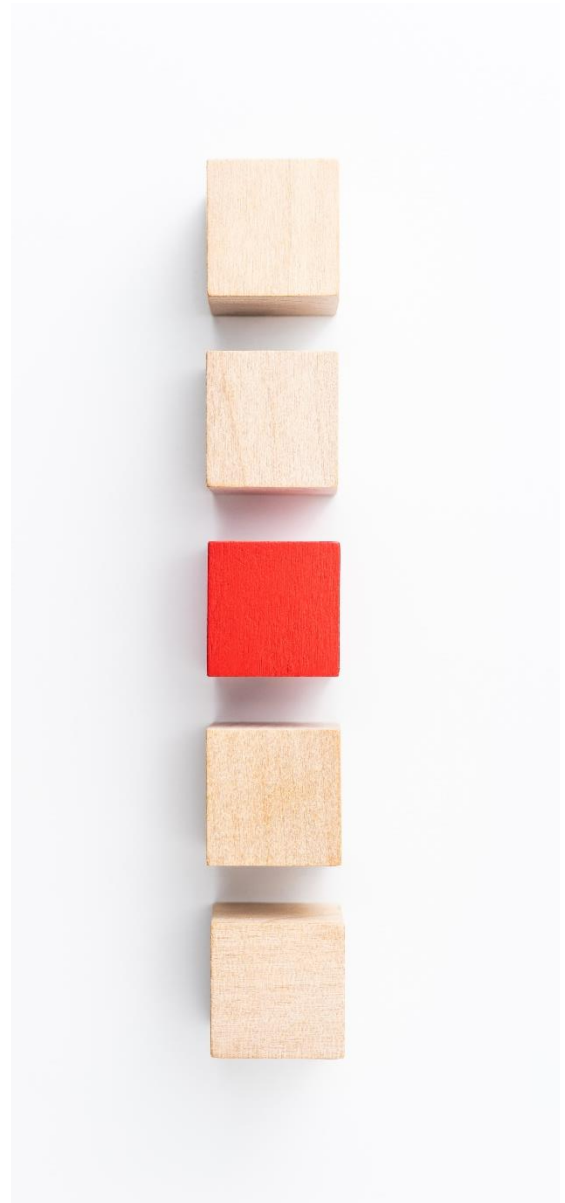
## Report by BDO LLP to Gedling Borough Council

As the internal auditors of the Council we are required to provide the Audit Committee, and the Corporate Management Team 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 **Moderate assurance** that there are appropriate procedures and controls in place to mitigate the key risks reviewed, albeit with some that are not fully effective in 2023-24. 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 2023-24
- ▶ 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.







# 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 Partner and/or Manager. Additionally, scoping and closing meetings were attended by the Audit Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of Work	We have received four survey responses for audits completed in in 23-24, with an average score of 4.75/5 for overall audit experience. We also received an average score of 4.75/5 for the added value from our reports and the constructiveness. We continue to send out feedback surveys when issuing our final reports.	
Completion of audit plan	We have completed the full audit plan for 2023-24. We have also been flexible throughout the year to ensure our reviews are suitably timed to support the Council's resources and were delivered in the most appropriate way. Audit fieldwork has commenced for 2024-25 reviews.	

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

ANNUAL OPINION DEFINITION	
<b>Substantial - Fully meets expectations</b>	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.
<b>Moderate - Significantly meets expectations</b>	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.
<b>Limited - Partly meets expectations</b>	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.
<b>No - Does not meet expectations</b>	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
 <b>Substantial</b>	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.
 <b>Moderate</b>	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.
 <b>Limited</b>	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.
 <b>No</b>	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	
<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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:

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