

Agenda

Audit Committee

Date: **Tuesday 17 September 2024**

Time: **6.30 pm**

Place: **Council Chamber**

For any further information please contact:

Democratic Services

committees@gedling.gov.uk

0115 901 3844

Audit Committee

Membership

Chair Councillor Kyle Robinson-Payne

Vice-Chair Councillor Sandra Barnes

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

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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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| 2 | To approve, as a correct record, the minutes of the meeting held on 23 July 2024. | 7 - 9 |
| 3 | Declaration of Interests. | |
| 4 | Revised Annual Governance Statement 2021/22.
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| 5 | Draft Annual Governance Statement 2022/23.
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| 7 | Internal Audit Progress Report.
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| 9 | Any other item which the Chair considers urgent. | |

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MINUTES AUDIT COMMITTEE

Tuesday 23 July 2024

Councillor Kyle Robinson-Payne (Chair)

Councillor Sandra Barnes	Councillor Paul Hughes
Councillor Jim Creamer	Councillor Alison Hunt
Councillor Helen Greensmith	Councillor Catherine Pope

Absent: Councillor Ruth Strong

Officers in Attendance: T Adams, C Goodall and F Whyley

Guests in Attendance: Max Armstrong – BDO Internal Auditor

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Strong. Councillor Catherine Pope attended as substitute.

2 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 19 MARCH 2024

RESOLVED:

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

3 DECLARATION OF INTERESTS

None.

4 APPOINTMENT OF CO-OPTED AUDIT COMMITTEE MEMBER

The Chair introduced a report of the Deputy Chief Executive, seeking approval to recommend to Council that Jonathan Causton be co-opted as an independent member on to Audit Committee.

RESOLVED to:

- 1) Recommend to Council that Jonathan Causton be co-opted on to the Audit Committee.
- 2) Recommend to Council that the Monitoring Officer be authorised to make the relevant changes to the Constitution to reflect the co-option.

5 CORPORATE RISK MANAGEMENT SCORECARD QUARTER 4 2023/24

The Chief Finance and Section 151 Officer introduced a report, updating members of the Audit Committee on the current level of assurance that could be provided against each corporate risk.

RESOLVED:

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

6 INTERNAL AUDIT PROGRESS REPORT

The Internal Auditor introduced a report, summarising the outcome of internal audit activity completed by the BDO Internal Audit Team, for the period March to June 2024.

RESOLVED:

- 1) 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.

7 INTERNAL AUDIT FOLLOW UP REPORT

The Internal Auditor introduced a report, summarising the progress of implementation of recommendations from internal audit reviews raised and previously reported to the Audit Committee. This included some recommendations raised by the Council's previous Internal Auditors.

RESOLVED:

- 1) To note the implementation of internal audit recommendations and the revised due date for incomplete recommendations.

8 INTERNAL AUDIT DRAFT ANNUAL REPORT 2023/24

The Internal Auditor introduced a report, providing 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.

RESOLVED:

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

9 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT.

None.

10 EXCLUSION OF THE PRESS AND PUBLIC

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 Paragraphs 3 and 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

11 COUNTER FRAUD RISK ASSESSMENT

The Internal Auditor introduced the Counter Fraud Risk Assessment.

RESOLVED:

To note the information.

The meeting finished at 7.00 pm

Signed by Chair:

Date:

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Report to Audit Committee

Subject: Draft Annual Governance Statement 2021/22

Date: 17th September 2024

Author: Chief Finance Officer and s151 Officer

1. Purpose

To inform Members of the proposed Annual Governance Statement 2021/22.

Recommendation(s)

Note the draft Annual Governance Statement 2021/22 and provide any comments for inclusion in the final version which will be presented to the Audit Committee with the Annual Statement of Accounts 2021/22 later in the financial year.

2. Background

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement (AGS).

The Annual Governance Statement for 2021/22 was originally reported to and approved by Audit Committee on 28 June 2022. Following the identification of a significant fraud a new paragraph has been added to the Annual Governance Statement for 2021/22 at paragraph 7.2.5.

3. Proposal

Following the review of the system of internal control and external audit of the draft Statement of Accounts for 2021/22 it is proposed that the AGS for 2021/22 is noted and that comments be provided for inclusion in the final version of the AGS to be presented to the Audit Committee for approval with the Annual Statement of Accounts 2021/22 later in the financial year.

4. Financial Implications

There are no financial implications arising from this report.

5. Legal Implications

The Annual Governance Statement is a statutory requirement for authorities under the Accounts and Audit Regulations 2015, which requires authorities each financial year to conduct a review of the effectiveness of their systems of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts.

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 – Annual Governance Statement 2021/22

Statutory Officer Approval

Approved by: Chief Financial Officer
Date: 9th September 2024

Approved by: Monitoring Officer
Date: 9th September 2024

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1. **Scope of Responsibility**

- 1.1 Gedling Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Gedling Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Gedling Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 Gedling Borough Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. A copy of the authority's local code is on our website at <https://www.gedling.gov.uk/council/aboutus/financeandaccounts/> or can be obtained from the Director of Corporate Resources, Gedling Borough Council, Arnot Hill Park, Arnold, Nottingham. NG5 6LU. This statement explains how Gedling Borough Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

2. **The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives led to the delivery of appropriate cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Gedling Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

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3. The Governance Framework

3.1 Gedling Borough Council's Local Code of Corporate Governance recognises that effective governance is achieved through the 7 core principles as identified in the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*. These are:

(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

(B) Ensuring openness and comprehensive stakeholder engagement.

Principles A and B permeate the implementation of principles C-G.

(C) Defining outcomes in terms of sustainable economic, social and environmental benefits.

(D) Determining the interventions necessary to optimise the achievement of the intended outcomes.

(E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

(F) Managing risks and performance through robust internal control and strong public financial management.

(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.2 Good governance is a dynamic process and the Council is committed to improving governance on a continuing basis through a process of evaluation and review. The Audit Committee on 16 March 2021 received the report on Gedling's "*Local Code of Corporate Governance 2021/22*" which set out in detail how the Council demonstrates that its governance structures comply with these seven core principles. An end of year review considered by Audit Committee in March 2022 has confirmed that these were in place for the whole of the financial year.

4. Governance Arrangements

4.1 There is a governance assurance framework through which the Council satisfies itself as to the effectiveness of its system of internal control. This takes as its starting point the Council's principal statutory objectives and our organisational objectives as set out in the Council's Corporate Plan. From this are identified the key risks to the achievement of the Council's objectives as set out within the Council's corporate, directorate and service risk registers.

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- 4.2 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.
- 4.3 The following documents establish these policies, aims and objectives at a strategic level:
- The Corporate Plan (The Gedling Plan);
 - The Community Safety Partnership Strategy;
 - The Local Plan;
 - The Annual Budget and Performance Management Framework;
 - The Financial Strategy;
 - The Treasury Management Strategy;
 - The Internal Audit Strategy;
 - The Risk Management Strategy;
 - The Equality and Diversity Policy;
 - The Counter Fraud and Corruption Strategy.
- 4.4 These high level plans are further supported by Service Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself. All of these documents are within the Council's Publication Scheme and available on the Council's website at www.gedling.gov.uk or can be inspected at the Council's Civic Centre, Arnot Hill Park, Arnold, Nottinghamshire.
- 4.5 Gedling's corporate governance framework defines the roles and responsibilities of the full Council, Cabinet, Scrutiny and officer functions as detailed in the Constitution, and demonstrates how the Council meets defined standards of governance in relation to its policies, aims and objectives.
- 4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period.
- 4.7 The internal control system includes:
- Annual review of the effectiveness of the Council's Corporate Governance Framework, including signed Assurance Statements from Directors and Heads of Service;
 - An established Counter Fraud and Corruption Strategy, including whistleblowing procedures, communicated to Members, officers and the public, and are available on the Council's website;

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- An established Audit Committee that undertakes the core functions as identified in CIPFA guidance;
- The Terms of Reference for the Audit Committee which include specific responsibility for reviewing risk management procedures, including the reporting arrangements on strategic risks via a corporate risk scorecard;
- A Risk Management Strategy that is led by Senior Management for the identification and evaluation of strategic and operational risks, and integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives;
- A comprehensive risk management process that includes the identification of both strategic and operational risks which are held and maintained on corporate and directorate Risk Registers, and subject to regular review;
- Internal audit reviews are carried out using a risk-based audit approach with the emphasis on key financial systems. This work is undertaken in co-operation with the Council's External Auditor ensuring maximum use of Audit resources, and ensures that professional standards are maintained;
- Performance Plan monitoring, review and reporting;
- Facilitation of policy and decision making through the Constitution, Codes of Conduct and the decision-making process, Forward Plan and role of the Scrutiny Committee;
- The statutory roles of the Council's Head of Paid Service, Monitoring Officer and Chief Financial Officer place a duty on these post-holders to provide robust assurance on governance and ensure compliance with established policies, procedures, laws and regulations;
- Compliance with established policies, procedures, laws and regulations are monitored through the work of the Finance and Legal staff that are adequately trained and experienced;
- Budgetary and performance management reporting to management, Cabinet and Council;
- Formal project management guidelines;
- Business continuity planning processes;
- Adherence to good employment practices;

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- Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.

5. Financial Management

- 5.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the Chief Financial Officer.
- 5.2 Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract and Procurement Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.
- 5.3 The Council has produced comprehensive procedure notes/manuals for all key financial systems, and these are regularly reviewed. The controls created by management are evaluated to ensure:
- Council objectives are being achieved;
 - The economic and efficient use of resources;
 - Compliance with policies, procedures, laws, rules and regulations;
 - The safeguarding of Council assets;
 - The integrity and reliability of information and data.
- 5.4 CIPFA issued in 2016 a Statement on “*The Role of the Chief Financial Officer in Local Government*”, and this covered five key areas. The Council can demonstrate how it conforms to these governance requirements as the Chief Financial Officer:
- is a member of the Senior Leadership Team and plays a key role in helping it to develop and implement strategy to resource and deliver the Council’s strategic objectives sustainably and in the public interest;
 - is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and there is alignment with the Council’s overall financial strategy;
 - leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively;
 - leads and directs the finance function, which is resourced to be fit for purpose;
 - is professionally qualified and suitably experienced.
- 5.5 CIPFA issued in 2019 a Statement on the Role of the Head of Internal Audit, and this covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Head of Internal Audit:

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- Objectively assesses the adequacy and effectiveness of governance and management of risks, giving an evidence based opinion on all aspects of governance, risk management and internal control;
- champions best practice in governance and comments on responses to emerging risks and proposed developments;
- is Gurpreet Dulay, a Partner of BDO UK, and he (or his BDO representatives) have regular and open engagement across Gedling Borough Council, particularly with the Leadership Team and with the Audit Committee;
- leads and directs an internal audit service that is resourced appropriately, sufficiently and effectively;
- is professionally qualified and suitably experienced.

6. Review of Effectiveness

6.1 Gedling Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

6.2 The Council is committed to the maintenance of a system of internal control which:

- Demonstrates openness, accountability and integrity;
- Monitors and reviews compliance with established policies, procedures, laws and regulations and effectiveness against agreed standards and targets;
- Monitors and reviews the effectiveness of the operation of controls that have been put in place;
- Identifies, profiles, controls and monitors all significant strategic and operational risks;
- Ensures that the risk management and control process is monitored for compliance.

6.3 Assurance From Executive Managers

In preparing this statement each Head of Service and Director has signed an assurance checklist. The checklist requires assurance that services are operating in compliance with the Council's policies, procedures and practices and with the internal control and governance assurance framework. The checklist asked each Head of Service to draw attention to any matters in respect of which internal controls were not working well and required a positive assurance that apart from those areas which were identified for improvement that the controls within the service had been, and are, working well. Each Head of Service gave a positive assurance with no material risk issues raised. An emerging issue relating to a challenge received of possible non-compliance with

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legal responsibilities in the area of Public Protection income was noted and is under review and assessment.

6.4 Assurance from Internal and External Audit

Two of the key assurance statements the Council receives, and the external auditor's review of Value for Money arrangements and the annual report and opinion of the Head of Internal Audit:

External Auditor (Mazars) Value for Money arrangements:

The Code of Audit Practice issued by the National Audit Office requires External Audit to consider if the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources, reporting by exception where they have identified significant weakness in those arrangements.

The external auditor is required to report under three specified criteria:

- Financial Sustainability – How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – How the Council ensures that it makes informed decisions and properly manages its risks;
- Improving economy efficiency and effectiveness – How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

For the year ended 31 March 2021 the External Auditor's commentary on Value for Money arrangements was positive, concluding that there were no identified risks of significant weakness, or any actual significant weakness, in the Council's arrangements.

The Head of Internal Audit (BDO) Annual Report for 2021/22, concluded:

*“Overall, we are able to provide **moderate** assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view, we have taken into account that:*

- *Two of the reviews undertaken this year were advisory (Risk Management and IT Architecture). These reviews do not produce audit opinions however, both were broadly positive with no material concerns identified;*
- *Design of controls: Substantial assurance was provided on two of five assurance audits and moderate assurance opinions were provided in three areas;*

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- *Operational effectiveness of controls: Substantial assurance was provided on two of five assurance audits. A moderate opinion was provided for three reviews;*
- *Substantial assurance was reported in respect of both the design and operational effectiveness of the controls in the key areas of Main Financial Systems (MFS) and Housing Benefits which are both areas of significant importance and activity for the Council;*
- *Management has responded, in the majority of occasions, positively to reports issued and plans have been developed to address the recommendations raised. We have noted however that there is frequently a delay in management response to audit reports but this is not Council wide and more specific to certain departments;*
- *Three of the audits (Environmental Health Enforcement, Procurement and Contract Management, and Sustainable Environment) are still in draft and have not yet been finalised. These will be reported to the September Audit Committee, and the opinions given in these areas does not alter our overall audit opinion;*
- *The Council expect to receive external audit approval of their annual accounts for 2021/22 in November 2022 and therefore these are not yet finalised. In our discussions with external audit and management, we do not have concerns about the financial position of the Council. The Council's General Fund balance as of April 2022, as reported within the Medium Term Financial Strategy to Cabinet in February 2022, was estimated at £4,761,000 which includes S31 Grant for the funding of the 2021/22 business rates reliefs;*
- *Overall, an opinion of **moderate assurance**, which is our second highest level of assurance, is a positive achievement in another challenging year for local government*
- *It should be noted however that our audits are identifying some common themes that do raise concerns. Particularly governance and performance monitoring. In addition, in some service areas we are experiencing instances of long waits for management responses to draft reports which is impacting on our ability to deliver the internal audit plan in a timely manner. This has partly been due to staffing issues and it is hoped this will now be resolved now that key posts have been filled. If these issues are not managed, there is potential for the overall assurance level internal audit opinion to weaken next year”.*

The Head of Internal Audit's Annual Report also details evidence of BDO's own compliance with the Public Sector Internal Audit Standards against which they are externally assessed every five years. This provides assurance that the internal audit provision is effective.

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- 6.5 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined in section 7 below.

7. **Significant Governance Issues**

- 7.1 The control framework described above facilitates the identification of any areas of the Council's activities where there are significant weakness in the financial controls, governance arrangements of the management of risk.

As detailed in paragraph 6 above the annual review of the effectiveness has been completed and has not highlighted any significant control or risk management concerns. The Head of Internal Audit concluded in the Annual Internal Audit Opinion that the organisation has an adequate and effective framework for risk management, governance and internal control.

7.2 **Significant Issues Arising 2021/22**

7.2.1 **Covid-19 Pandemic**

The first impact of Covid-19 on our governance arrangements emerged in March 2020, had a significant impact throughout 2020/21 and continued into 2021/22 with the emergence of the Omicron variant. Whilst the direct impact of Covid-19 is currently lessening in 2022/23 it continues to impact on service delivery with a backlog of work to deliver the Gedling Plan still outstanding.

The key governance issues arising from the pandemic have been effectively addressed as demonstrated through regular reports to Cabinet on the Council's response to the pandemic and the impact on the Gedling Plan.

The key governance issues arising and actions to address these are summarised below:

Council Decision Making and Meetings

During 2020/21 when setting up the Incident Management Team structure in response to the Covid-19 pandemic, it was clear at an early stage that rapid decisions would need to be made to close facilities and suspend services in response to changes in government policy or staffing issues. In order to ensure established governance arrangements were maintained and Constitutional and legislative requirements complied with, an emergency decision making process was adopted.

Whilst the Constitution contains a delegation to the Chief Executive to make urgent decisions, given the magnitude of the potential impact of those decisions

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both in relation to the community and the Council's finances and to ensure transparency in decision-making, it was agreed that the Leader would make all Covid-19 response related decisions after consideration of a written report. Decisions were published on the Council's website in the usual way. These arrangements continued in 2021/22 proportionate to the ongoing Covid-related impacts.

Previously the Council had not had the power to hold meetings remotely and therefore when Covid-19 restrictions were imposed in March 2020, Council, Cabinet and Committee meetings had to be cancelled until further notice. The Procedural Rules included in the Constitution apply to remote meetings in the same way as they do for other meetings of the council; however additional Rules for holding remote meetings, were agreed by the Chief Executive in consultation with the Mayor on 10 May 2020. Virtual meetings recommenced in June 2020 and continued until the High Court ruled that virtual council meetings could not lawfully take place after 6 May 2021 and suitable arrangements were put in place to ensure a safe return in accordance with social distancing requirements with appropriate attendance levels to ensure effective decision making continues.

In conclusion the arrangements for decision making have remained effective following the onset of Covid-19.

Impact on Service Delivery

At the onset of the pandemic it was quickly recognised that effective Business Continuity Planning was vital to ensuring the continued operation of key services. A new Business Continuity Policy and Business Continuity Impact Assessment guidance was formally approved by Cabinet and a full suite of Business Continuity Plans covering all business continuity risks was completed for the whole organisation during 2020/21. This represented an improvement in the governance arrangements. Covid specific risk registers were completed and reviewed throughout 2020/21, continuing in 2021/22.

Covid related health and safety risk assessments were implemented across the organisation to support changes to service provision throughout all stages of the pandemic including for the covid secure reoccupation of buildings.

Enabling home working involved a rapid deployment of agile working guidance and equipment and ensured there was no compromise to IT security or the safety of staff. Investment in IT continued in 2021/22 to ensure all office staff were able to work in fully flexible way and be responsive to emerging risks as they arise.

Formal emergency planning arrangements including command structures and communication arrangements were in place throughout 2020/21 and 2021/22 providing sound controls to support the effective response to the rapidly changing circumstances through the various stages of lockdown. The command structures were finally stood down in March 2022 following the

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success of the vaccine programme in reducing the impact of the virus in the community. A review of Covid-19 response will be completed in 2022/23 by the Strategic Resilience Group to ensure lessons learned feed into future emergency planning arrangements.

Financial Impact

The Covid-19 pandemic had a material impact on the finances of the Council during 2020/21 which continued in 2021/22 with the total direct cost to the Council not funded by Government being in the region of £1.1m. Some of the direct costs are expected to continue in the medium term.

A revised Medium Term Financial Plan incorporating the ongoing impact of Covid-19 related risks and assumptions was presented to Council in March 2022 together with the revised Gedling Plan ensuring available resources are effectively aligned to priorities and the delivery of sustainable outcomes. This included a review of the current efficiency programme and the approval of a new efficiency programme for delivery over 2022/23 to 2024/25 to secure a sustainable financial position and value for money. The successful delivery of the efficiency programme is a key challenge for the Council and is closely monitored to identify any emerging risks at the earliest opportunity.

Future Service Impacts

The Council's Covid-19 Reset Strategy was considered by Cabinet on 18 June 2020. The Strategy recognised the impact on the delivery of the Gedling Plan with the need for a review to ensure that it remains fit for purpose and incorporates any new work streams required as a result of Covid-19 impacts, ensuring the Council does not return to 'normal' but strives to 'build back better'.

The Gedling Plan is a key aspect of the Council's governance framework and essential in defining sustainable outcomes in terms of economic, social and environmental benefits and has now been fully reviewed and approved by Council both in March 2021 and March 2022 ensuring actions to address the ongoing impacts of Covid-19 are embedded within it, including actions that have been deferred due to reduced capacity arising from the required Covid response work.

The planned review of the Risk Management Strategy was deferred due to the impact of the Covid-19 response work and will now be completed in 2022/23. Risk Management processes continued to be effective throughout 2021/22 with regular updates of the Risk Management Scorecard being considered by Audit Committee and Overview and Scrutiny Committee. Other deferred actions related specifically to governance arrangements are noted in the Action Plan below.

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7.2.2 Management Arrangements and Workforce Capacity

The Council approved a review of the senior management structure as part of its efficiency programme with a phased implementation timescale recognising the need to balance the requirements of delivering efficiencies with appropriate management capacity to ensure effective governance and the continued delivery of strategic objectives. Phases 1 and 2 were delivered by the end 2020/21 and phase 3 commenced in 2021/22, with the remaining services to be reviewed early in 2022/23.

It was recognised at the outset that new ways of working will be required to ensure successful delivery and there is potential for some capacity reductions to arise during this period of change which may impact on governance compliance and service planning which will require appropriate prioritisation to ensure Gedling Plan delivery is aligned to resources and to maintain staff morale.

As detailed in paragraph 7.2.1 and 7.2.3, the risk to workforce capacity is further exacerbated by the impact of Covid-19 pandemic and resulting backlogs and the emerging cost of living of living crisis.

The Head of Internal Audit's opinion detailed at paragraph 6.4 identifies a concern about the timeliness of management responses to draft reports and the implementation of agreed audit actions. Staff capacity issues are acknowledged as a potential reason for this arising which need to be addressed.

7.2.3 Economic Downturn and Cost of Living Crisis

The aftermath of the Covid-19 pandemic and post-Brexit supply side shortages and labour shortages, together with Russia's invasion of Ukraine and subsequent Western sanctions, have created a 'perfect storm' culminating in an adverse impact on the economy, dampening growth with inflation rising significantly above the Bank of England target levels which is now expected to remain elevated well into 2023.

The impact of economic downturn and resulting so called 'cost of living crisis' emerged towards the end of 2021/22. The Annual Governance Statement assesses governance in place during 2021/22 so for the majority of the year our governance was unaffected by the impact of cost of living crisis. Whilst the impact at the end of the 2021/22 financial year was not material, its ongoing impact will be significant and raises issues that will need to be addressed in 2022/23.

Key potential risk issues will be monitored via the established Risk Management process and include:

- a direct impact on service delivery and workforce capacity arising from increased service demand pressures and new initiatives to support vulnerable households, for example, implementation of the government's Energy Bills Rebate Scheme and the Council's own Council Tax Hardship Relief Scheme;

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- Interrupted supply chains directly affecting service delivery;
- Budget pressures due to rising inflation for example pay pressures, fuel and utilities, reduced fees and charges income.

A mid-year review of the Medium Term Financial Plan will be required to consider the impact of the economic downturn on the financial sustainability of the Council. Key risk issues will be considered, including the impact of rising prices e.g. pay pressures, fuel and utilities, the potential adverse supply impacts on service delivery, and increasing service demand pressure from vulnerable households. The review will form an important aspect of financial management to inform the 2022/23 budget process to secure a sustainable financial position and ensure the successful delivery of the Gedling Plan continues to be supported.

7.2.4 The CIPFA Financial Management Code

CIPFA has introduced the Financial Management Code (FM Code) 2019, which sets out for the first time, the standards of financial management for local authorities. Adoption of the Code was required from 1 April 2021 and was included in the Annual Governance Statement (AGS) Action Plan for 2021/22. A self-assessment providing assurance that the standards of the FM Code are being met was considered by Audit Committee in September 2021 and some improvement actions were noted.

The implementation of actions is progressing well with the majority being implemented and outstanding actions are carried forward in the AGS Action Plan for delivery in 2022/23 as detailed in the paragraphs below, including for example, implementation of the Officer Declarations of Interest process.

It should be noted that compliance with the FM Code is an ongoing requirement and new actions to both maintain and improve standards will be a normal feature of securing effective financial management and continuous improvement.

7.2.5 Fraudulent Activity

The financial impact of fraudulent activity identified in July 2022 has been quantified. Whilst a significant sum remains on the Council's balance sheet and is being dealt with separately, an amount has already been charged to revenue in previous years, and subsequently to the General Fund. This element is the subject of an insurance claim.

Further details cannot be disclosed at this point due to ongoing criminal investigations and legal proceedings.

7.3 Action Plans

7.3.1 Review of Progress in 2021/22

The 2020/21 Annual Governance Statement (AGS) identified the following control or risk issues and some issues deferred from the previous year which

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whilst not significant were included, through its proactive and holistic approach to Governance. The progress is detailed below:

2021/22 AGS Actions:

- Officer Training – *A suitable training programme for staff will need to be developed following the outcome of the Constitution review, which would include training in financial management.*

The training programme commenced in 2019/20, covering Local Government Governance Basics; Reporting and Decision Making; Contract Standing Orders and Procurement; Contracts Risk Management; Members Code of Conduct. Further training was delivered during 2021/22 including Fraud Awareness Training. Due to the ongoing impact of Covid-19 response work, the adoption of the Constitution was completed in March 2022 and associated training will now take place in 2022/23 to include Financial Regulations, Contracts and Procurement Rules and the development of Fees and Charges.

Updated Action: Chief Financial Officer and Monitoring Officer – March 2023.

- Officer Declaration of Interests – *The review of the Counter Fraud and Corruption Strategy identified improvements to the process for officer declaration of interests that was due to be implemented in 2021/22 but has been deferred due to the impact of the Covid-19 response work.*

Updated Action: Chief Financial Officer and Monitoring Officer – March 2023

- Brexit - *The United Kingdom left the European Union on 31 January 2020 and entered a transition period which will last until 31 December 2020 and new rules will come into place from 1 January 2021. There is considerable uncertainty regarding the future rules and any impact on the economy and how this might impact on funding levels and demands for public services.*

Watching brief: Senior Leadership Management Team. Actions to ensure compliance with the changes in legislation have been implemented. Monitoring throughout 2021/22 was completed and will be ongoing in 2022/23.

- Financial Management Code – *Completion of a self-assessment demonstrating compliance with the Financial Management Code.*

Action: Chief Financial Officer/Senior Leadership Team – Completed September 2021

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- Sustainable Medium Term Financial Plan (MTFP) – *Review and monitoring of MTFP risks and assumptions to determine if further action is required to secure value for money and a sustainable position: the delivery of the efficiency programme and performance of commercial operations; review of financial settlement and funding streams; the ongoing impact of Covid-19 including the emerging risks of an economic downturn.*

Action: Chief Financial Officer/Senior Leadership Team – Completed February 2022

- Workforce Capacity – *Phase 2 of the senior management restructure was completed in 2020/21 reducing the number of senior roles to deliver efficiency savings. A further phase of restructuring is due to be completed in 2021/22 to deliver further efficiencies. It is recognised that new ways of working will be required and there is potential for some capacity reductions to arise during this period of change and service planning will require appropriate prioritisation to ensure Gedling Plan delivery and to maintain staff morale.*

Watching brief: Senior Leadership Management Team completed

- Constitution Review – *The revised Constitution to be finalised and adopted by Council and training to be delivered.*

Action: Senior Leadership Team/Monitoring Officer – Completed March 2022

- Equality and Diversity Policy and Action Plan – *A revised Equality and Diversity Policy and an Equality Framework and Action Plan was approved by Cabinet for public consultation in 2020/21. Following consultation, the final policy and action plan will be adopted with implementation to commence during 2021/22.*

Action: Director of Corporate Resources – Completed October 2021

- Risk Management Strategy and Training – *A review of the Risk Management Strategy and training to be delivered to officers and key Members was planned for 2021/22 but has been delayed due to capacity issues arising from the ongoing impact of covid and implementation of the senior management restructure will now be completed in 2022/23.*

Updated Action: Director of Corporate Resources – March 2023

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- Emerging Government Legislation – *A review of emerging key legislation to identify the impact on service delivery and resource requirements, including the Environment Act and Planning Regulations.*

Watching brief: Senior Leadership Management Team completed; ongoing in 2022/23

7.3.2 Actions 2022/23

Based on our review of the Governance Framework, the following control and risk issues will be addressed in 2022/23. Whilst not all actions represent significant issues, all planned governance actions are included to provide a proactive and holistic approach to Governance:

- Sustainable Medium Term Financial Plan – *A mid-year review of the Medium Term Financial Plan will be presented to Cabinet to consider the emerging risk of the economic downturn, increasing inflationary pressures and supply chain issues arising from the aftermath of the Covid-19 pandemic and Brexit, and the war in Ukraine. To consider the impact of rising prices, including pay pressures, fuel and utilities, the potential adverse supply impacts on service delivery, and increasing service demand pressures from vulnerable households. A budget consultation will be completed during the summer to inform the development of the future Gedling Plan 2023-27 to ensure service priorities are aligned to the resources available.*

Action: Chief Financial Officer/Senior Leadership Team – Autumn

- Workforce Capacity – *To monitor the emerging risk of restrictions on workforce capacity to the delivery of the Gedling Plan and to governance compliance. Prioritise Gedling Plan actions to ensure alignment with resources available and to maintain staff morale. Workforce capacity is being impacted by: Covid-19 service impacts and the resulting backlog of service plan actions; implementation of the management restructure to deliver required efficiency savings requiring new ways of working to ensure success resulting in capacity reductions during this period of change; and the cost of living crisis increasing demands to support for vulnerable households.*

Action: Senior Leadership Management Team - Ongoing

- Emergency Planning Arrangements and Business Continuity Plans – *A review of emergency planning arrangements to incorporate lessons learned from the Covid-19 pandemic response and an update of all Business Continuity Plans to ensure they are fit for purpose for all business continuity risks. To include emergency planning training, in particular related to cyber risk.*

Action: Head of Governance and Customer Services - March 2023

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- Audit Committees in Local Authorities – *To review and adopt: the principles of CIPFA’s Position Statement: Audit Committees in Local Authorities, which was published early in 2022/23 and aims to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities; the latest recommendations regarding independent audit committee members being proposed by Government following the Redmond Review and the introduction of the new Audit Reporting and Governance Authority. To determine and deliver appropriate training for committee members.*

Action: Chief Financial Officer – March 2023

- Financial Management Code Compliance Update – *Ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions.*

Action: Chief Financial Officer – March 2023

- Internal Audit Actions Implementation – *to implement system improvements to support the monitoring and timely implementation of internal audit actions by management.*

Action: Head of Finance and ICT - September 2022

7.4 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Mike Hill
Chief Executive

Date:

John Clarke
Council Leader

Date:

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Report to Audit Committee

Subject: Draft Annual Governance Statement 2022/23

Date: 17 September 2024

Author: Chief Financial Officer

1 Purpose of Report

To inform Members of the proposed Annual Governance Statement 2022/23.

Recommendation:

Note the draft Annual Governance Statement 2022/23 and provide any comments for inclusion in the final version when presented to the Audit Committee with the Annual Statement of Accounts 2022/23 later in the financial year.

2 Background

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement (AGS).

The Annual Governance Statement for 2022/23 has not previously been reported to the Audit Committee due to the identification of a significant fraud that affected the external audit of financial year 2021/22.

3 Proposal

Following the review of the system of internal control it is proposed that the AGS for 2022/23, attached at Appendix 1, is noted and that comments be provided for inclusion in the final version of the AGS to be presented to the Audit Committee for approval with the Annual Statement of Accounts 2022/23 later in the financial year.

4 Financial Implications

There are no financial implications directly arising from this report.

5 Legal Implications

The Annual Governance Statement is a statutory requirement for authorities under the Accounts and Audit Regulations 2015, which requires authorities each financial year to conduct a review of the effectiveness of their systems of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts.

6 Equalities Implications

There are no equalities implications directly arising from this report.

7 Carbon Reduction/Environmental Sustainability Implications

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

8 Appendices

Appendix 1 – Annual Governance Statement 2022/23.

Statutory officer Approval:

Approved by: Chief Financial Officer

Date: 9 September 2024

Approved by: Monitoring Officer

Date: 9 September 2024

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1. **Scope of Responsibility**

- 1.1 Gedling Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Gedling Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Gedling Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 Gedling Borough Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. A copy of the authority's local code is on our website at <https://www.gedling.gov.uk/council/aboutus/financeandaccounts/> or can be obtained from the Director of Corporate Resources, Gedling Borough Council, Arnot Hill Park, Arnold, Nottingham. NG5 6LU. This statement explains how Gedling Borough Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

2. **The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives led to the delivery of appropriate cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Gedling Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

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- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the statement of accounts.

3. The Governance Framework

- 3.1 Gedling Borough Council's Local Code of Corporate Governance recognises that effective governance is achieved through the 7 core principles as identified in the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*. These are:

(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

(B) Ensuring openness and comprehensive stakeholder engagement.

Principles A and B permeate the implementation of principles C-G.

(C) Defining outcomes in terms of sustainable economic, social and environmental benefits.

(D) Determining the interventions necessary to optimise the achievement of the intended outcomes.

(E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

(F) Managing risks and performance through robust internal control and strong public financial management.

(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- 3.2 Good governance is a dynamic process and the Council is committed to improving governance on a continuing basis through a process of evaluation and review. The Audit Committee on 15 March 2022 received the report on Gedling's "*Local Code of Corporate Governance 2022/23*" which set out in detail how the Council demonstrates that its governance structures comply with these seven core principles. An end of year review considered by Audit Committee on the 14 March 2023 has confirmed that these were in place for the whole of the financial year.

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4. Governance Arrangements

- 4.1 There is a governance assurance framework through which the Council satisfies itself as to the effectiveness of its system of internal control. This takes as its starting point the Council's principal statutory objectives and our organisational objectives as set out in the Council's Corporate Plan. From this are identified the key risks to the achievement of the Council's objectives as set out within the Council's corporate, directorate and service risk registers.
- 4.2 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.
- 4.3 The following documents establish these policies, aims and objectives at a strategic level:
- The Corporate Plan (The Gedling Plan);
 - The Community Safety Partnership Strategy;
 - The Local Plan;
 - The Annual Budget and Performance Management Framework;
 - The Financial Strategy;
 - The Treasury Management Strategy;
 - The Internal Audit Strategy;
 - The Risk Management Strategy;
 - The Equality and Diversity Policy;
 - The Counter Fraud and Corruption Strategy.
- 4.4 These high level plans are further supported by Service Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself. All of these documents are within the Council's Publication Scheme and available on the Council's website at www.gedling.gov.uk or can be inspected at the Council's Civic Centre, Arnot Hill Park, Arnold, Nottinghamshire.
- 4.5 Gedling's corporate governance framework defines the roles and responsibilities of the full Council, Cabinet, Scrutiny and officer functions as detailed in the Constitution, and demonstrates how the Council meets defined standards of governance in relation to its policies, aims and objectives.
- 4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its

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resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period.

4.7 The internal control system includes:

- Annual review of the effectiveness of the Council's Corporate Governance Framework, including signed Assurance Statements from Directors and Heads of Service;
- An established Counter Fraud and Corruption Strategy, including whistleblowing procedures, communicated to Members, officers and the public, and are available on the Council's website;
- An established Audit Committee that undertakes the core functions as identified in CIPFA guidance;
- The Terms of Reference for the Audit Committee which include specific responsibility for reviewing risk management procedures, including the reporting arrangements on strategic risks via a corporate risk scorecard;
- A Risk Management Strategy that is led by Senior Management for the identification and evaluation of strategic and operational risks, and integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives;
- A comprehensive risk management process that includes the identification of both strategic and operational risks which are held and maintained on corporate and directorate Risk Registers, and subject to regular review;
- Internal audit reviews are carried out using a risk-based audit approach with the emphasis on key financial systems. This work is undertaken in co-operation with the Council's External Auditor ensuring maximum use of Audit resources, and ensures that professional standards are maintained;
- Performance Plan monitoring, review and reporting;
- Facilitation of policy and decision making through the Constitution, Codes of Conduct and the decision-making process, Forward Plan and role of the Scrutiny Committee;

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- The statutory roles of the Council's Head of Paid Service, Monitoring Officer and Chief Financial Officer place a duty on these post-holders to provide robust assurance on governance and ensure compliance with established policies, procedures, laws and regulations;
- Compliance with established policies, procedures, laws and regulations are monitored through the work of the Finance and Legal staff that are adequately trained and experienced;
- Budgetary and performance management reporting to management, Cabinet and Council;
- Formal project management guidelines;
- Business continuity planning processes;
- Adherence to good employment practices;
- Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.

5. **Financial Management**

- 5.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the Chief Financial Officer.
- 5.2 Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract and Procurement Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.
- 5.3 The Council has produced comprehensive procedure notes/manuals for all key financial systems, and these are regularly reviewed. The controls created by management are evaluated to ensure:
- Council objectives are being achieved;
 - The economic and efficient use of resources;
 - Compliance with policies, procedures, laws, rules and regulations;
 - The safeguarding of Council assets;
 - The integrity and reliability of information and data.
- 5.4 CIPFA issued in 2016 a Statement on "*The Role of the Chief Financial Officer in Local Government*", and this covered five key areas. The Council can

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demonstrate how it conforms to these governance requirements as the Chief Financial Officer:

- is a member of the Senior Leadership Team and plays a key role in helping it to develop and implement strategy to resource and deliver the Council's strategic objectives sustainably and in the public interest;
- is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and there is alignment with the Council's overall financial strategy;
- leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively;
- leads and directs the finance function, which is resourced to be fit for purpose;
- is professionally qualified and suitably experienced.

5.5 CIPFA issued in 2019 a Statement on the Role of the Head of Internal Audit, and this covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Head of Internal Audit:

- Objectively assesses the adequacy and effectiveness of governance and management of risks, giving an evidence based opinion on all aspects of governance, risk management and internal control;
- champions best practice in governance and comments on responses to emerging risks and proposed developments;
- is Gurpreet Dulay, a Partner of BDO UK, and he (or his BDO representatives) have regular and open engagement across Gedling Borough Council, particularly with the Leadership Team and with the Audit Committee;
- leads and directs an internal audit service that is resourced appropriately, sufficiently and effectively;
- is professionally qualified and suitably experienced.

6. Review of Effectiveness

6.1 Gedling Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

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6.2 The Council is committed to the maintenance of a system of internal control which:

- Demonstrates openness, accountability and integrity;
- Monitors and reviews compliance with established policies, procedures, laws and regulations and effectiveness against agreed standards and targets;
- Monitors and reviews the effectiveness of the operation of controls that have been put in place;
- Identifies, profiles, controls and monitors all significant strategic and operational risks;
- Ensures that the risk management and control process is monitored for compliance.

6.3 Assurance From Executive Managers

In preparing this statement each Head of Service and Director has signed an assurance checklist. The checklist requires assurance that services are operating in compliance with the Council's policies, procedures and practices and with the internal control and governance assurance framework. The checklist asked each Head of Service to draw attention to any matters in respect of which internal controls were not working well and required a positive assurance that apart from those areas which were identified for improvement that the controls within the service had been, and are, working well. Each Head of Service gave a positive assurance with no material risk issues raised. An emerging issue relating to a challenge received of possible non-compliance with legal responsibilities in the area of Public Protection income was noted and is under review and assessment.

6.4 Assurance from Internal and External Audit

Two of the key assurance statements the Council receives, and the external auditor's review of Value for Money arrangements and the annual report and opinion of the Head of Internal Audit:

External Auditor (Mazars) Value for Money arrangements:

The Code of Audit Practice issued by the National Audit Office requires External Audit to consider if the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources, reporting by exception where they have identified significant weakness in those arrangements.

The external auditor is required to report under three specified criteria:

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- Financial Sustainability – How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – How the Council ensures that it makes informed decisions and properly manages its risks;
- Improving economy efficiency and effectiveness – How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

For the year ended 31 March 2023 The Head of Internal Audit (BDO) Annual Report and Annual Statement for 2022/23, concluded:

- *We are able to provide the Council with Limited Assurance of its system of controls. The Chief Executive has publicly reported that "Gedling Borough Council recently uncovered a significant fraud allegedly involving a member of staff from within the organisation". We have also issued High findings and Limited opinions for other reports, including Business Continuity and Emergency Planning and Workforce Strategy. Although we have not fully concluded our work on the Counter Fraud and Corruption Strategy review, on the balance of issues identified and opinions across other reviews, we are able to provide our annual opinion in lieu of this.*
- *Due to vacancies and absences the Council has a small senior leadership team (SLT), impacting the leadership and management of the organisation. We have had positive engagement in the delivery of our 2022/23 internal audit plan and the initial planning stages and early reviews in our 2023/24 internal audit plan. However, high levels of reliance on few individuals have resulted in delays to some of our work.*
- *Delays in implementing recommendations continues to be clear from across the Council, with Medium recommendations raised in 2020/21 relating to Health & Safety, Commercialisation and Taxi Licensing that are not yet implemented. This was also identified in our 2021/22 Annual Report where delays in management responses to draft report and implementing recommendations was accredited to staff issues, which we were informed had been solved through recruitment. There is a potential that control weaknesses remain if recommendations are not implemented in a timely manner, exposing the Council to potential risk.*
- *The Council's 2021/22 statutory accounts still have not been signed off by external audit due to the ongoing fraud investigation. Mazar's report to the Audit Committee in March 2023 noted that further.*

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substantive testing will be required and the prospective timetable is for the accounts to be signed off in November 2023. The delays to the accounts indicates weaknesses in financial controls and the financial environment, driven by turnover and absence of key finance staff.

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

The Head of Internal Audit's Annual Report also details evidence of BDO's own compliance with the Public Sector Internal Audit Standards against which they are externally assessed every five years. This provides assurance that the internal audit provision is effective.

- 6.5 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined in section 7 below.

7. Significant Governance Issues

- 7.1 The control framework described above facilitates the identification of any areas of the Council's activities where there are significant weakness in the financial controls, governance arrangements of the management of risk.

As detailed in paragraph 6 above the annual review of the effectiveness has been completed and the Council was provided with Limited Assurance of its system of controls.

7.2 Significant Issues Arising 2022/23

7.2.1 Covid-19 Pandemic

The first impact of Covid-19 on our governance arrangements emerged in March 2020, had a significant impact throughout 2020/21 and continued into 2021/22 and 2022/23. Whilst the direct impact of Covid-19 is currently lessening in 2023/24 it continues to impact on service delivery.

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The key governance issues arising from the pandemic have been effectively addressed as demonstrated through regular reports to Cabinet on the Council's response to the pandemic and the impact on the Gedling Plan.

7.2.2 Management Arrangements and Workforce Capacity

The Council approved a review of the senior management structure as part of its efficiency programme with a phased implementation timescale recognising the need to balance the requirements of delivering efficiencies with appropriate management capacity to ensure effective governance and the continued delivery of strategic objectives.

It was recognised at the outset that new ways of working will be required to ensure successful delivery and there is potential for some capacity reductions to arise during this period of change which may impact on governance compliance and service planning which will require appropriate prioritisation to ensure Gedling Plan delivery is aligned to resources and to maintain staff morale.

As detailed in paragraph 7.2.1 and 7.2.3, the risk to workforce capacity is further exacerbated by the impact of Covid-19 pandemic and resulting backlogs and the emerging cost of living crisis.

The Head of Internal Audit's opinion detailed at paragraph 6.4 identifies a concern about the timeliness of management responses to draft reports and the implementation of agreed audit actions. Staff capacity issues are acknowledged as a potential reason for this arising which need to be addressed.

7.2.3 Economic Growth / Cost of Living Crisis

Both Brexit and Covid-19 had a major adverse impact on the economy and whilst effective vaccines improved the economic outlook, the related ongoing uncertainty continued to create major challenges for economic forecasting. Overall the balance of risk to economic growth in the UK is now to the downside, with significant risks related to: labour supply shortages proving more enduring and depressing economic activity; inflationary pressures not being effectively controlled by monetary policy interventions; UK/EU trade agreements being effective.

The Council introduced a number of incentives to support staff and the public:

- Staff on lower grades were given a one-off cost of living payment of £250.

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- The payment of £6.9m of mandatory energy bill rebates distributed in accordance with the Governments scheme to pay £150 to Households in council tax bands A to D.
- The payment of discretionary housing payments of £171,800, which has been distributed in accordance with eligibility criteria.
- The Council also made provision to alleviate the impact of some of the pressures for the most financially vulnerable residents and delivered £86,200 of Hardship relief to council taxpayers who are in receipt of Council Tax Reduction scheme support and an additional £49,100 to care leavers.

Key potential risk issues will be monitored via the established Risk Management process and include:

- a direct impact on service delivery and workforce capacity arising from increased service demand pressures and new initiatives to support vulnerable households.
- Interrupted supply chains directly affecting service delivery;
- Budget pressures due to rising inflation for example pay pressures, fuel and utilities, reduced fees and charges income.

7.2.4 The CIPFA Financial Management Code

CIPFA introduced the Financial Management Code (FM Code) 2019, which sets out for the first time, the standards of financial management for local authorities. Adoption of the Code was required from 1 April 2021 and was included the Annual Governance Statement (AGS) Action Plan for 2021/22. A self-assessment providing assurance that the standards of the FM Code are being met was considered by Audit Committee in September 2021 and some improvement actions were noted.

The implementation of the majority being implemented in 2021/22 and outstanding actions implemented in 2022/23 as detailed in the paragraphs below, including for example, implementation of the Officer Declarations of Interest process.

It should be noted that compliance with the FM Code is an ongoing requirement and new actions to both maintain and improve standards will be a normal feature of securing effective financial management and continuous improvement.

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7.3 Action Plans

7.3.1 Review of Progress in 2022/23

The 2021/22 Annual Governance Statement (AGS) identified the following control or risk issues and some issues deferred from the previous year which whilst not significant were included, through its proactive and holistic approach to Governance. The progress is detailed below:

2022/23 AGS Actions:

- Officer Training – *A suitable training programme for staff will need to be developed following the outcome of the Constitution review, which would include training in financial management.*

The training programme commenced in 2019/20, covering Local Government Governance Basics; Reporting and Decision Making; Contract Standing Orders and Procurement; Contracts Risk Management; Members Code of Conduct. Further training was delivered during 2021/22 including Fraud Awareness Training. Due to the ongoing impact of Covid-19 response work, the adoption of the Constitution was completed in March 2022 and associated training will now take place in 2022/23 to include Financial Regulations, Contracts and Procurement Rules and the development of Fees and Charges.

Action: Chief Financial Officer and Monitoring Officer – Completed 2022/23.

- Officer Declaration of Interests – *The review of the Counter Fraud and Corruption Strategy identified improvements to the process for officer declaration of interests that was due to be implemented in 2021/22 but has been deferred due to the impact of the Covid-19 response work.*

Action: Chief Financial Officer and Monitoring Officer – Completed 2022/23

- Sustainable Medium Term Financial Plan – *A mid-year review of the Medium Term Financial Plan will be presented to Cabinet to consider the emerging risk of the economic downturn, increasing inflationary pressures and the war in Ukraine. To consider the impact of rising prices, including pay pressures, fuel and utilities, the potential adverse supply impacts on service delivery, and increasing service demand pressures from vulnerable households. A budget consultation will be completed during the summer to inform the development of the future*

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Gedling Plan 2023-27 to ensure service priorities are aligned to the resources available.

Action: Chief Financial Officer/Senior Leadership Team – Completed in Autumn 22

- Workforce Capacity – *To monitor the emerging risk of restrictions on workforce capacity to the delivery of the Gedling Plan and to governance compliance. Prioritise Gedling Plan actions to ensure alignment with resources available and to maintain staff morale. Workforce capacity is being impacted by: Covid-19 service impacts and the resulting backlog of service plan actions; implementation of the management restructure to deliver required efficiency savings requiring new ways of working to ensure success resulting in capacity reductions during this period of change; and the cost of living crisis increasing demands to support for vulnerable households.*

Action: Senior Leadership Management Team - Ongoing

- Emergency Planning Arrangements and Business Continuity Plans – *A review of emergency planning arrangements to incorporate lessons learned from the Covid-19 pandemic response and an update of all Business Continuity Plans to ensure they are fit for purpose for all business continuity risks. To include emergency planning training, in particular related to cyber risk.*

Action: Head of Governance and Customer Services – Work continues into 2023/24.

- Audit Committees in Local Authorities – *To review and adopt: the principles of CIPFA’s Position Statement: Audit Committees in Local Authorities, which was published early in 2022/23 and aims to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities; the latest recommendations regarding independent audit committee members being proposed by Government following the Redmond Review and the introduction of the new Audit Reporting and Governance Authority. To determine and deliver appropriate training for committee members.*

Action: Chief Financial Officer – Ongoing

- Financial Management Code Compliance Update – *Ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions.*

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Action: Chief Financial Officer – Ongoing

Internal Audit Actions Implementation – *to implement system improvements to support the monitoring and timely implementation of internal audit actions by management.*

Action: Head of Finance and ICT - September 2022

7.3.2 Actions 2023/24

Based on our review of the Governance Framework, the following control and risk issues will be addressed in 2023/24. Whilst not all actions represent significant issues, all planned governance actions are included to provide a proactive and holistic approach to Governance:

- Sustainable Medium Term Financial Plan – *A mid-year review of the Medium Term Financial Plan will be presented to Cabinet to consider the emerging risk of the economic downturn, increasing inflationary pressures and supply chain issues, and the war in Ukraine. To consider the impact of rising prices, including pay pressures, fuel and utilities, the potential adverse supply impacts on service delivery, and increasing service demand pressures from vulnerable households. A budget consultation will be completed during the summer to inform the development of the future Gedling Plan 2023-27 to ensure service priorities are aligned to the resources available.*

Action: Chief Financial Officer/Senior Leadership Team – Ongoing

- Workforce Capacity – *To monitor the emerging risk of restrictions on workforce capacity to the delivery of the Gedling Plan and to governance compliance. Prioritise Gedling Plan actions to ensure alignment with resources available and to maintain staff morale. Workforce capacity is being impacted by: Covid-19 service impacts and the resulting backlog of service plan actions; implementation of the management restructure to deliver required efficiency savings requiring new ways of working to ensure success resulting in capacity reductions during this period of change; and the cost of living crisis increasing demands to support for vulnerable households.*

Action: Senior Leadership Management Team - Ongoing

- Emergency Planning Arrangements and Business Continuity Plans – *A review of emergency planning arrangements to incorporate lessons learned from the Covid-19 pandemic response and an update of all*

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ANNUAL GOVERNANCE STATEMENT

Business Continuity Plans to ensure they are fit for purpose for all business continuity risks. To include emergency planning training, in particular related to cyber risk.

Action: Head of Governance and Customer Services - March 2024

- Audit Committees in Local Authorities – *To review and adopt: the principles of CIPFA’s Position Statement: Audit Committees in Local Authorities, which was published early in 2022/23 and aims to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities; the latest recommendations regarding independent audit committee members being proposed by Government following the Redmond Review and the introduction of the new Audit Reporting and Governance Authority. To determine and deliver appropriate training for committee members.*

Action: Chief Financial Officer – March 2024

- Financial Management Code Compliance Update – *Ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions.*

Action: Chief Financial Officer – March 2024

- Internal Audit Actions Implementation – *to implement system improvements to support the monitoring and timely implementation of internal audit actions by management.*

Action: Head of Finance and ICT - September 2024

7.4 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Mike Hill
Chief Executive

Date:

John Clarke
Council Leader

Date:

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Report to Audit Committee

Subject: Corporate Risk Management

Date: 17 September 2024

Author: Chief Finance and Section 151 Officer

1. Purpose of the Report

To update members of the Audit Committee on the current position of risk management reporting.

Recommendations:

That Members:

- Note the current position with risk management reporting and associated actions.

2. Background

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.

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. Quarter 1 Reporting

A quarterly report is usually brought to Audit Committee which includes the corporate risk register monitoring. We are currently in a transition period where risks are migrating over to the new risk management system, in addition the Council has recently undertaken a senior management restructure where risks are currently in the process of being transferred to new owners. Due to this transition there is no monitoring report to present at Quarter 1, we will report both quarters 1 and 2 together in the new format at the December Audit Committee.

Although there is no report for quarter 1, corporate risks have been reviewed and we can report that there has been no significant change in risk between April and June 2024.

We can also report actions relating to the following individual corporate risks:

1. FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET

The quarterly budget monitoring report was presented to Cabinet on 5th September 2024, whilst a balanced budget is currently reported, significant overspends have been highlighted in the Environment department. Officers are working with the department as current budgets do not seem to be in line with changes to service delivery and current service demand. A zero-based budgeting exercise is under way to determine base budget requirements. The risk remains relatively low as the Council was able to identify underspends in other areas to offset the overspends.

2. FAILURE TO MAINTAIN FINANCIAL INTEGRITY

A Cabinet away day took place on 30th July 2024, to start the process of considering efficiencies for the 2025/26 budget process and identification of further efficiencies to enable a balanced budget over the life of the medium term plan, the risk remains high due to the value of efficiencies still to be identified.

3. FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES

A thorough review of risk assessments in the Environment Department are currently being undertaken, with a number of training issues identified for delivery. The risk reduced in March 2024 and remains unchanged.

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

The Senior Management Restructure was completed in Quarter 1 and vacant posts have been recruited, this will increase capacity at senior level in order to ensure effective governance across the authority.

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

Recruitment to a number of posts has commenced in order to deliver the Digital, Data & Technology roadmap. A significant amount of work has been undertaken on Cyber Security and grant funding secured in order to progress the Cyber Assessment Framework.

6. FAILURE TO REACT TO CHANGES IN LEGISLATION

Draft Procurement rules have been written and additional resource has been secured to progress the procurement strategy, officers are also undertaking in-depth procurement training.

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.

Statutory Officer Approval

Approved by: Chief Financial Officer
Date:

Approved by: Monitoring Officer
Date



Report to Audit Committee

Subject: Internal Audit Progress Report

Date: 17 September 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 July to September 2024.

Recommendation(s):

THAT:

- 1) **Members to note the progress of the delivery against the 2024/25 Internal Audit Plan, including the Executive Summary for the following audit reports: Housing Benefits and Environment – Carbon Management Strategy.**

1. Background

- 1.1 The Internal Audit Plan for 2024/25 was approved by the Audit Committee on 19 March 2024. The progress report provides a summary update of the work undertaken by BDO for 2024/25 and the schedule in which we anticipate presenting the final reports to the Audit Committee over the year.

2. Proposal

- 2.1 Since the last Audit Committee meeting, two reports have been finalised (Housing Benefits and Environment – Carbon Management Strategy). We are in the reporting stage of Cemeteries and Pet Crematorium Services and have also commenced our fieldwork for the Equality/Equity, Diversity and Inclusion (EDI) review. Two further reports are in the planning stage (IT Disaster Recovery Plan and Fleet Management). We anticipate these will be presented at the next Audit Committee in December 2024.

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 2024/25 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 This report includes our internal audit report on the Council's Carbon Management Strategy.

7. Appendices

7.1 BDO Internal Audit Progress Report – September 2024

The background of the entire page is a dense field of white umbrellas, viewed from above. The umbrellas are arranged in a somewhat regular pattern, creating a textured, geometric effect. In the lower-middle section of the page, one umbrella stands out as a vibrant red, positioned centrally and slightly below the main title.

INTERNAL AUDIT PROGRESS REPORT

Gedling Borough Council

2024/2025

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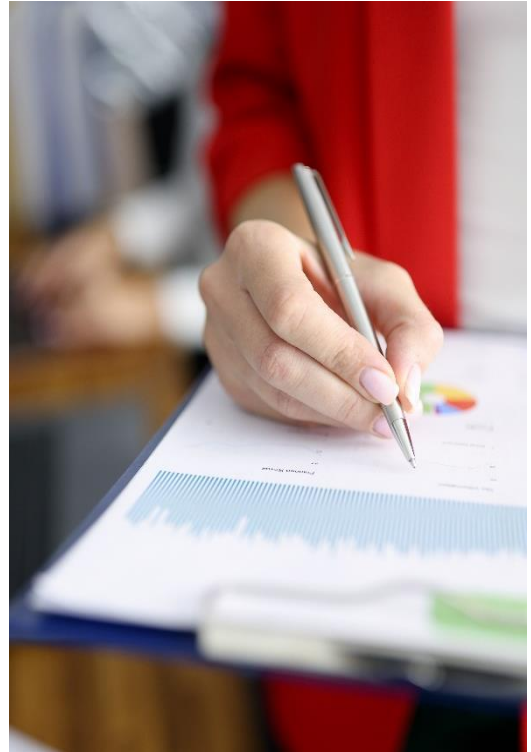
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SUMMARY OF 2024/2025 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2024/2025 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.



INTERNAL AUDIT METHODOLOGY

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

2024/2025 INTERNAL AUDIT PLAN

We are now making good progress in the delivery of the 2024/2025 audit plan.

We are pleased to present the following reports to this Audit Committee meeting:

- ▶ Housing Benefits
- ▶ Carbon Management Strategy.

The following audits are at reporting stage but have not yet been finalised:

- ▶ Cemeteries and Pet Cremation Services.

Planning is underway in respect of the following audits:

- ▶ Equality/Equity, Diversity and Inclusion (EDI)
- ▶ IT Disaster Recovery Plan
- ▶ Fleet Management.

We anticipate presenting these reports at future Audit Committee meetings.

CHANGES TO THE 2024/2025 INTERNAL AUDIT PLAN

There have been no changes to the 2024/25 Internal Audit Plan.

REVIEW OF 2024/2025 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Housing Benefits	Tina Adams, Chief Financial and S151 Officer	September 2024	✓	✓	✓	S	S
Carbon Management Strategy	Fran Whyley, Deputy CEO	September 2024	✓	✓	✓	S	M
Cemeteries and Pet Crematorium Services	Tina Adams, Chief Financial and S151 Officer	December 2024	✓	✓	✓		
Equality/Equity, Diversity and Inclusion (EDI)	Fran Whyley, Deputy CEO	December 2024	✓	✓			
IT Disaster Recovery Plan	Tina Adams, Chief Financial and S151 Officer	December 2024	✓				
Fleet Management	Tina Adams, Chief Financial and S151 Officer	December 2024	✓				
Temporary Accommodation	Tina Adams, Chief Financial and S151 Officer	December 2024					
Budget Management	Tina Adams, Chief Financial and S151 Officer	March 2025					
Procurement and Contract Management	Fran Whyley, Deputy CEO	March 2025					

HOUSING BENEFITS

CRR REFERENCE: 2. FAILURE TO MAINTAIN FINANCIAL INTEGRITY

Design Opinion	S Substantial	Design Effectiveness	S Substantial
Recommendations	0	0	3



SCOPE

BACKGROUND

- ▶ Local government is responsible for making housing benefits payments to support eligible applicants in paying rent where an individual is unemployed, on a low income or claiming benefits. This is a means tested benefit, with the eligibility criteria for receipt of housing benefits set nationally by central government. This guidance includes circumstances where an applicant may not be eligible for housing benefits (see: <https://www.gov.uk/housing-benefit>).
- ▶ At Gedling Borough Council (the Council), housing benefit applications can be submitted via an e-form on the Council’s website with supporting evidence for an application. Further support on submitting an application can be provided via the Contact Centre or by emailing the Housing Benefits Team’s enquiries email address. Housing benefit payment runs are processed weekly, usually on a Thursday to ensure the payment is made to the recipient by the following Monday.
- ▶ The Council allocated £519,400 to Housing Benefit Administration in its 2024/25 Budget; an increase of £63,200 from the 2023/24 Budget.
- ▶ The Department for Work and Pensions and the National Audit Office stated that housing benefit fraud and overpayments are at the highest rate every recorded. It was estimated in FY22 that the national rate of overpayment for housing benefits was 5.3%.
- ▶ The Council has two main KPIs for processing housing benefit applications and change in circumstances. These are:
 - Average time to process new housing benefit claims - 15 calendar days. In Quarter 3 for 2023/24 the average time to process a new housing benefit application was 12 calendar days.
 - Average time to process housing benefit change in circumstances - five calendar days. In Quarter 3 for 2023/24 the average time to process a housing benefit change in circumstance was 2.7 calendar days.
- ▶ We undertook a review of Housing Benefits in 2021/22 and provided substantial assurance over both the design and effectiveness of controls. However, this is a high area of spend for the Council with national increase in fraud and overpayments.

PURPOSE

The purpose of the audit was to assess the Council’s policies and procedures for processing housing benefit applications. As part of the audit we tested a sample of housing benefits payments to ensure that these were paid accurately and for a valid application. We also assessed whether overpayments were addressed and recouped, and whether ‘change in circumstances’ had been processed according to policy.

AREAS REVIEWED

During this review we:

- ▶ Reviewed housing benefits policies and procedures to ascertain whether these are clear and transparent, and meet statutory requirements.
- ▶ Tested a sample of housing benefit applications processed between 1 April 2023 and 31 March 2024 to assess whether the Council KPI of 15 working days to process was

met; whether sufficient evidence was obtained from the claimant to support their eligibility and the accuracy and timeliness of payments to citizens.

- ▶ Sought to understand the controls in place to prevent and monitor amendments to a claimant's personal or bank details to avoid fraudulent changes.
- ▶ Undertook a walkthrough of the monthly payment run process to ascertain whether sufficient controls are in place to prevent or detect inappropriate payments, including whether there are system controls or manual controls to detect multiple payments made to a bank account.
- ▶ Tested whether there are appropriate checks for the payment runs prior to payments being made.
- ▶ Selected a sample of overpayments between 1 April 2023 and 31 March 2024 to assess whether appropriate action was taken to recover the funds from the claimant.
- ▶ Picked a sample of changes in circumstances between 1 April 2023 and 31 March 2024 and tested assess whether they were processed within the Council target of five working days; whether sufficient evidence was obtained and what controls were in place to prevent the risk of fraud/error.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Council has in place the following policies in relation to Housing Benefits, which refer to appropriate legislation (Discretionary Housing Payments (Grants) Order 2001; Housing Benefit (General) Regulations 2006; Regulation 81 Housing Benefit (SPC) Regulations 2006). These are:
 - Housing Benefit Direct Payment Policy
 - Discretionary Housing Payments (DHP) Policy
 - Housing Benefits Overpayments Policy.
- ▶ Through walk-through testing, we confirmed that for a sample of 20 new housing benefit claims, all had justifiable reasons to claim support, and that sufficient evidence (ie bank statements, pension details, tenancy agreements) were retained on the system.
- ▶ Similarly, we tested a sample of 20 changes in circumstances and verified that supporting information to verify eligibility was accurately reviewed and maintained on the system and where supporting evidence did not meet the change in circumstance requested, changes were not made.
- ▶ With respect to discretionary housing payments, we tested a sample of three and found that all three cases were approached in a consistent manner and evidence was retained of the Officer liaising with the citizen to obtain relevant information in order to make a judgement.
- ▶ The Civica system is updated annually to ensure that the correct parameters are applied in calculating benefits and we obtained evidence of update testing occurring for 2023/24.
- ▶ The Council made 745 overpayments in 2023/24. We tested a sample of 10 and reviewed how they had been identified, and whether or not the overpayment had been recouped. Positively, we found that nearly half of our sample had been identified from proactive reviews. The remaining overpayments were identified either through information received from the relevant citizen or from other Council departments or external agencies. The total value of our sample of overpayments was £16,257. Of this, £2,089 had been either written off or found not to have been overpayments on further inspection of the nature of the error and circumstances. Of the remaining £14,198, a substantial amount had been nearly or fully recouped (£13,404.51). The remaining values were on a schedule for repayment.



AREAS OF CONCERN

Finding	Recommendation and Management Response
<p>Testing of overpayments identified one instance where a write-off of over £2,000 was made without the Head of Welfare and Benefits signature being documented. However, there was a segregation of duties in place as an Officer made the decision and the Team Leader signed off on it. Further write-off testing found no similar issues however, so this is deemed a one-off human administrative error (Finding 1 - Low).</p>	<p>All write-offs over £2,000 should be signed by the Head of Welfare and Benefits. Further spot checks on write-off values over this figure should be conducted.</p> <p><u>Management Response:</u> Accepted. Target Date: 30 September 2024</p>
<p>Five of twenty changes in circumstance applications were not processed within the five-day KPI; however, we note that annual figures on this KPI for 2023/24 as reported to the Oversight and Scrutiny Committee found that the KPI was met overall (Finding 2 - Low)</p>	<p>The Housing and Welfare Manager should consider whether additional resource at busy periods, such as the time of year when rent increases are common, should be put in place to accommodate the increase in applications, or whether the KPI description should be changed.</p> <p><u>Management Response:</u> Accepted. Target Date: 30 August 2024</p>
<p>Updated policies require approval from the senior leadership team, and procedural guidance is not available to staff on some key processes (Finding 3 - Low).</p>	<p>3a. The Welfare Manager should ensure that SLT reviews and signs off on the policies relating to housing benefits and that all policies are dated and kept under continual review.</p> <p>3b. Short procedural guidance should be created for the processing of housing benefits and changes of circumstance.</p> <p><u>Management Response:</u> Accepted. Target Date: 3a. 31 October 2024 3b. 30 November 2024</p>



CONCLUSION

Overall, the Council has demonstrated robust practice in managing housing benefits, particularly given the current capacity of the team. We have detailed three low findings and made three observations.

Control Design

We have concluded Substantial assurance on the design of controls because the Council has policies, clearly delineated roles and a system of quality assurance checks in place.

Control Effectiveness

We deemed the operational effectiveness of controls Substantial due to the fact that of the 40 new housing benefits and changes of circumstances claims tested as part of this

audit, no issues were found relating to eligibility or the retention of sufficient evidence. Efforts to identify overpayments are undertaken and where identified, these are generally recouped swiftly.

ENVIRONMENT - CARBON MANAGEMENT STRATEGY

CRR REFERENCE: 12. FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT

Design Opinion	S Substantial	Design Effectiveness	M Moderate
Recommendations	0	2	3



SCOPE

BACKGROUND

- ▶ The Climate Change Act (2008) highlights the UK's aim to become carbon neutral by 2050.
- ▶ Managing climate change is a key feature of the 'Place' priority in Gedling Borough Council's (the Council's) Gedling Plan 2023-27, following its declaration of a climate emergency in 2019.
- ▶ The Council has developed a Carbon Management Strategy Action Plan to support the delivery of its climate objective of becoming carbon neutral by 2030. To lead and guide this ambition, the Council appointed a Climate Change Officer.
- ▶ The increasing significance of climate change for local authorities informed the Council's decision to recognise this as a medium risk on its Corporate Risk Register.
- ▶ The Association for Public Service Excellence (APSE) report commissioned by the Council found that the Council's carbon footprint has reduced from 1,675 tonnes CO2 equivalent in 2019 to 1,304 tonnes CO2 equivalent in 2022/23. This is an overall reduction of 22%.

PURPOSE

- ▶ The purpose of the audit is to assess the effectiveness of the Council's governance, monitoring, and oversight of its Carbon Management Strategy Action Plan. The audit will evaluate whether climate-related actions are effectively incorporated into key decision-making processes and if environmental data collection and reporting are used to inform the overarching strategy and priorities.

AREAS REVIEWED

As part of the scope of this audit the following areas were reviewed:

- ▶ The Council's Carbon Management Strategy, to assess whether it has been approved by Members, communicated to all staff clearly and that it sets out the Council's vision to be carbon neutral by 2030. Also, whether it provides a clear vision to achieve net zero carbon emissions across its operations and outlines priority areas for action supported by a detailed Action Plan with assigned responsibilities to key officers.
- ▶ Evidence of the governance structures in place around the Strategy and Action Plan including meeting minutes of the Corporate Environment Group (CEG).
- ▶ The Action Plan supporting the Carbon Management Strategy, to evaluate whether the actions are specific, measurable, achievable, realistic, and time-bound (SMART), they have been assigned clear action owners, and are regularly reviewed through the CEG and monitored on the Council's performance management system (Pentana).
- ▶ The Association for Public Service Excellence (APSE) Energy report commissioned by the Council to establish a carbon baseline for its operations, and whether the recommendations are sufficiently incorporated into the Council's plans.

- ▶ The Council’s Climate Impact Assessment template and the effectiveness of its implementation through a review of reports to Committees.
- ▶ The training offer to staff regarding carbon management and the attendance statistics of mandatory training.
- ▶ Cabinet reports, grant documents, and correspondence from the Midlands Net Zero Hub (MNZH) and other council service areas to assess the Council’s processes for identifying, pursuing, and securing external funding opportunities to support its net-zero emission target.

 AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Council has demonstrated a strong commitment to addressing climate change through its Carbon Management Strategy, which aligns with national policy while tailoring actions to local needs. The Strategy’s development process, including public consultation and formal adoption by the Cabinet, ensured broad stakeholder buy-in and high-level support. The allocation of dedicated resources, including a Climate Change Officer emphasises the Council’s commitment in implementing its climate objectives.
- ▶ The Action Plan supporting the Strategy comprises 20 main actions, of which nine were complete as of March 2024 and 11 were in progress at the time of audit.
- ▶ There is robust governance around the Strategy. The Council has established the CEG, which comprises of Heads of Service (HoS) and the Climate Change Officer, to implement, monitor, and measure progress on the Action Plan.
- ▶ The Climate Change Officer held one-on-one meetings with HoS to agree on actions for their respective areas. These were then incorporated into the Pentana performance management system for review and reporting.
- ▶ The CEG aims to meet quarterly. We found that the Group tracks and reports effectively on the progress of the Council’s Carbon Management Strategy action plan. The CEG meetings are minuted and well attended, however please see our Observation on page 18 regarding regularly during 2024.
- ▶ There are monthly oversight meetings between the Climate Change Officer and the Portfolio Holder for Environment, and there are periodic updates to Council by the Head of Environment on progress against the action plan supporting the Strategy.
- ▶ The Council has obtained an independent analysis of its carbon baseline in commissioning an APSE Energy report. The report identifies identify key emission sources and provides recommendations to the Council.


 AREAS OF CONCERN

Finding	Recommendation and Management Response
<p>While some actions have defined quantitative metrics and performance indicators, most lacked specific and measurable targets. This reduces the scope for the Climate Change Officer to adequately assess their implementation and progress. (Finding 1- Medium).</p>	<p>1a. As part of the planned review of the Carbon Management Strategy, the actions in its Carbon Management Action Plan should be reviewed as well to make them specific and measurable, eg “Reduce local carbon production by 15% from the 2022 to 2023 baseline, Reduce the need to travel by diesel or petrol cars by at least 10% from 2024 to 2025”.</p> <p>1b. The Climate Change Officer should reiterate the need to managers and project officers for robust reporting on action plans including how completed</p>

		<p>actions were achieved, with specific objectives and measurable outcomes.</p> <p>Management Response:</p> <p>Recommendations accepted. This will be picked up through the review of the Carbon Management Strategy and Action Plan. The Director of Place will be responsible for this, but the actions will be managed by the Climate Change Officer.</p> <p>Target Date: 30 June 2025</p>
	<p>The Council’s Carbon Management Strategy actions have not been fully costed and do not always include the expected emissions savings (Finding 2 - Medium).</p>	<p>2a. The Council should undertake a cost analysis for all actions outlined in the Carbon Management Strategy Action Plan. This assessment should include both direct costs (e.g., equipment, infrastructure) and indirect costs (e.g., staff time, training) associated with implementing each initiative.</p> <p>2b. For each action, the Council should estimate the potential emissions savings that can be achieved upon implementation. These estimates should be based on industry benchmarks, and expert inputs, considering the specific context and scale of the Council's operations.</p> <p>2c. Using the cost and carbon saving estimates, the Council should prioritise actions that offer the greatest emissions reduction potential at the most cost-effective rate. This will help ensure that limited resources are allocated to initiatives that deliver the maximum impact in terms of carbon reduction.</p> <p>2d. As the Council implements actions and gathers data on their actual costs and impacts, it should regularly review and update the cost and carbon saving estimates in the action plans. This iterative process will help refine the Council's approach and ensure that resources are continuously directed towards the most effective carbon reduction measures.</p> <p>Management Response:</p> <p>Recommendations accepted, though please note for 2a. and 2d, it may not be viable to obtain this for all actions.</p> <p>Target Date: 30 June 2025</p>
	<p>Due to complexity and limited resources, the Council does not currently measure and report on Scope 3 emissions (Finding 3 - Low).</p>	<p>3a. The Head of Environment / Climate Change Officer should develop policies and processes to capture and report Scope 3 emissions data, in line with the</p>

		<p>APSE Energy report's recommendations and DEFRA guidelines.</p> <p>3b. Engage with suppliers to request emissions data and establish a system for collecting and monitoring Scope 3 emissions regularly.</p> <p>3c. Incorporate Scope 3 emissions into the Council's carbon baseline and set targets for reduction, considering the materiality and feasibility of addressing these indirect emissions.</p> <p>3d. Update the Carbon Management Strategy and Action Plans to include initiatives aimed at reducing Scope 3 emissions, such as sustainable procurement policies, and supplier engagement.</p> <p>4e. Regularly review and report on progress in measuring, monitoring, and reducing Scope 3 emissions as part of the Council's overall carbon footprint reporting.</p> <p>Management Response:</p> <p>Recommendations accepted.</p> <p>Target Date: 30 June 2025</p>
	<p>Testing of a sample of three climate change impact assessments found that they were not always completed in full, and in once case was not reviewed, prior to Cabinet (Finding 4 - Low).</p>	<p>4a. Officers should be reminded that climate impact assessments should be fully completed and the Council should put in place a process for helping officers if they feel unable to fully complete the assessment.</p> <p>4b. Climate impact assessments should be formally signed off before going to Cabinet.</p> <p>Management Response:</p> <p>Recommendations accepted though please note there is a sign off process in place via uploading to ModernGov.</p> <p>Target Date: 30 June 2025</p>
	<p>Mandatory training completion rate was 48% at the time of audit (Finding 5 - Low).</p>	<p>5a. Heads of Service should reinforce the mandatory nature of the training and set clear deadlines for completion to all staff. Completion of this should be reviewed during the appraisals process.</p> <p>5b. The Climate Change Officer should provide regular reminders and follow-up communications to staff who have not yet completed the course.</p> <p>5c. The Climate Change Officer should consider complementing the e-learning with additional in-person or virtual workshops to facilitate deeper</p>

		<p>discussions and practical applications of the knowledge gained.</p> <p>Management Response: Recommendations accepted. Target Date: 30 June 2025</p>
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CONCLUSION

Overall, the Council has a clear vision and road map for getting to net zero, this is supported by committed and passionate staff, and robust controls in delivering its carbon management strategy. With some further work on the areas noted in this report it will be in a sound position to build on its current successes.

We have concluded that the control design is substantial and the control effectiveness moderate.

Control Design

The control design is substantial because the Council has a strategy in place with accountable action owners and robust governance to oversee its implementation. The Council has made tangible progress on emissions reduction, with a 22% decline in its carbon emission baseline from 2019/20 to 2022/23.

The Strategy's commitment to staff engagement and training further enhance its potential for success.

The Council has also implemented a Climate Impact Assessment template to ensure Council actions, decisions and policies, considers environmental impact.

Control Effectiveness

The control effectiveness is moderate however as we have identified some areas for improvement with regard to the effectiveness of the controls in place:

- ▶ A lack of specific and measurable targets in the Action Plan to enable robust progress tracking.
- ▶ Absence of costed action plans to provide financial visibility and capability towards achieving targeted emission reduction plans footprint.
- ▶ Lack of quantitative analysis of the carbon reduction impact achieved from funded projects opportunities

The absence of monitoring and measurement of Scope 3 emissions, limiting the Council's ability to fully understand, manage, and reduce its overall carbon footprint also contributed to this opinion. However, we do acknowledge that this is complex, and most organisations have difficulties in completing this.

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, Executive Directors and Members.

THE INTERNAL AUDIT AND RISK AGENDA

2024 looks to be another year of permacrisis with significant geopolitical disruption continuing.

Most of the world's major economies are undergoing elections in the coming year and the conflicts in the Ukraine and the Middle East continue to impact the global economy. Organisations that are only just beginning to recover from the disruption of three years of pandemic face further uncertainty in respect of inflation, interest rates, energy supply costs and talent shortages.

The world is constantly changing and evolving and so an ever-increasing array of challenges will always be heading our way. So how do internal auditors help their organisations 'realise' their potential?

You will have seen the recent announcement from the FRC on the updates to the **UK Corporate Governance code**. It puts the role of Internal Audit as the 'eyes and ears' of an organisation in the spotlight once again - where we will play a critical role providing insight into culture, effectiveness of risk management and controls. Internal Audit is in the privileged position to operate holistically across an organisation and therefore will support Management and the Board in identifying and the ongoing monitoring of those material controls.

The Internal Audit and Risk Agenda sets out some of the key challenges on the horizon that Internal Audit should be considering when thinking about the wider assurance footprint relevant for their organisations.

Article attached.

FOR INFORMATION

For Members of the Audit Committee

INTERNAL AUDIT AND RISK AGENDA SPOTLIGHT ON

Dive into some of the key risk areas that come up time and time again in our conversations with regulators, professional bodies, and importantly Head of IA & Risk - the topics of AI, Culture and ESG.

In a time of permacrisis, when it is more important than ever to make sure that we are prioritising the things that really matter, and that our finite resources are focused in the right areas, we asked our experts what Heads of Internal Audit should be thinking about.

Culture: Why is Culture important and how does it empower businesses to achieve their strategic goals? The following areas were covered as part of this video:

- What is a Culture audit?
- What would we typically include when we are doing a Culture audit?
- Why is Culture so important?
- What are the benefits of doing a culture audit?
- What is the difference between company culture and auditing risk culture?

[Internal Audit & Risk Agenda Spotlight On: Culture \(youtube.com\)](#)

FOR INFORMATION

For Members of the Audit Committee and Executive Management.

TRANSFORMING PUBLIC PROCUREMENT - INTRODUCING THE PROCURMENT ACT

One in every three pounds of public money, some £300bn a year, is spent on public procurement.

The reforms proposed within the Procurement Act are important, because they will shake up our outdated procurement system, so that every pound goes further for our communities and public services. They will place value for money, public benefit, transparency and integrity at the heart of our procurement system; they will modernise and unify our systems and processes; and they will get tough on the poor performers and fraudsters.

The Act will reform the UK's public procurement regime, making it quicker, simpler, more transparent and better able to meet the UK's needs while remaining compliant with our international obligations. It will introduce a new regime that is based on value for money, competition and objective criteria in decision-making. It will create a simpler and more flexible, commercial system that better meets our country's needs. And it will more effectively open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts. It will strengthen the approach to excluding suppliers where there is clear evidence of their involvement in Modern Slavery practices, and running throughout each part of the Bill is the theme of transparency. We want to deliver world-leading standards of transparency in public procurement and this Act paves the way for that.

The Transforming Public Procurement programme aims to improve the way public procurement is regulated in order to:

- Create a simpler and more flexible, commercial system that better meets our country's needs while remaining compliant with our international obligations
- Open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts
- Embed transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised.

The Procurement Bill, which will reform the existing Procurement Rules, has now received Royal Assent. You can view the new Procurement Act on the [UK legislation website](#), and the official record of the Bill's progress through Parliament, with all supporting documents on the [Parliamentary website](#).

<https://www.gov.uk/guidance/the-official-transforming-public-procurement-knowledge-drops>

FOR INFORMATION

For Members of the Audit Committee and Executive Management.

THE NEW WORKER PROTECTION ACT & SEXUAL HARASSMENT IN THE WORKPLACE

We explore the introduction of the Worker Protection Act 2023; outlining what the Act is, the intended impact, implications for employers and reasonable steps to addressing the compliance requirements. We also explore how employers can go beyond compliance to create a psychologically safe and ethical working environment for their people.

The Worker Protection Act 2023 comes into effect in October 2024 and places a legal duty on UK employers to actively prevent and address sexual harassment in the workplace. The Act is an amendment of the 2010 Equality Act and holds employers accountable to "take reasonable steps to prevent sexual harassment of employees in the course of their employment".

Rather than redressing past incidents, the Act will introduce the requirement for employers to take reasonable steps to protect their employees from the occurrence of sexual harassment. This includes when employees are working outside of their normal workplace and at workplace social events which will be considered an extension of the workplace under the Act.

At this time, it isn't clear what these "reasonable steps" will look like. However, as the guidance will introduce a mandate and onus for organisations to define and embed ethical preventative measures into





their workplaces to prevent sexual harassment, it will require the urgent proactive assessment of processes, policies and working practices for many UK employers against the new requirements.

The New Worker Protection Act & sexual harassment in the workplace - BDO

FOR INFORMATION





For Members of the Audit Committee and Executive Management.

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	Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of Work	We have not yet received survey responses for 2024-25 audits. We 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.	
DELIVERY	KPI	RAG RATING
Completion of audit plan	Half of the plan is either at fieldwork or reporting stage. We anticipate 7/9 of the 2024-25 audits to be presented to Audit Committee before December 2024, representing significant progress and likelihood of full completion of the plan by March 2025.	

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

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

RECOMMENDATION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

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

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Report to Audit Committee

Subject: Internal Audit Follow Up Report

Date: 17 September 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 has followed up on all outstanding recommendations due by 17 September 2024. The significant improvement in the engagement from management and the completion of recommendation since the deployment of Pentana in managing the recommendations has been sustained. While this has resulted in a positive direction of travel in the completion of recommendations, as previously reported, we do note that there are recommendations that were raised in 2021/22 or before which remain outstanding, though there has been progress in completing the

majority of these. We will continue to follow up with responsible officers on the implementation of these recommendations.

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 Internal Audit Follow Up Report – September 2024.

INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

GEDLING BOROUGH COUNCIL

2024/2025

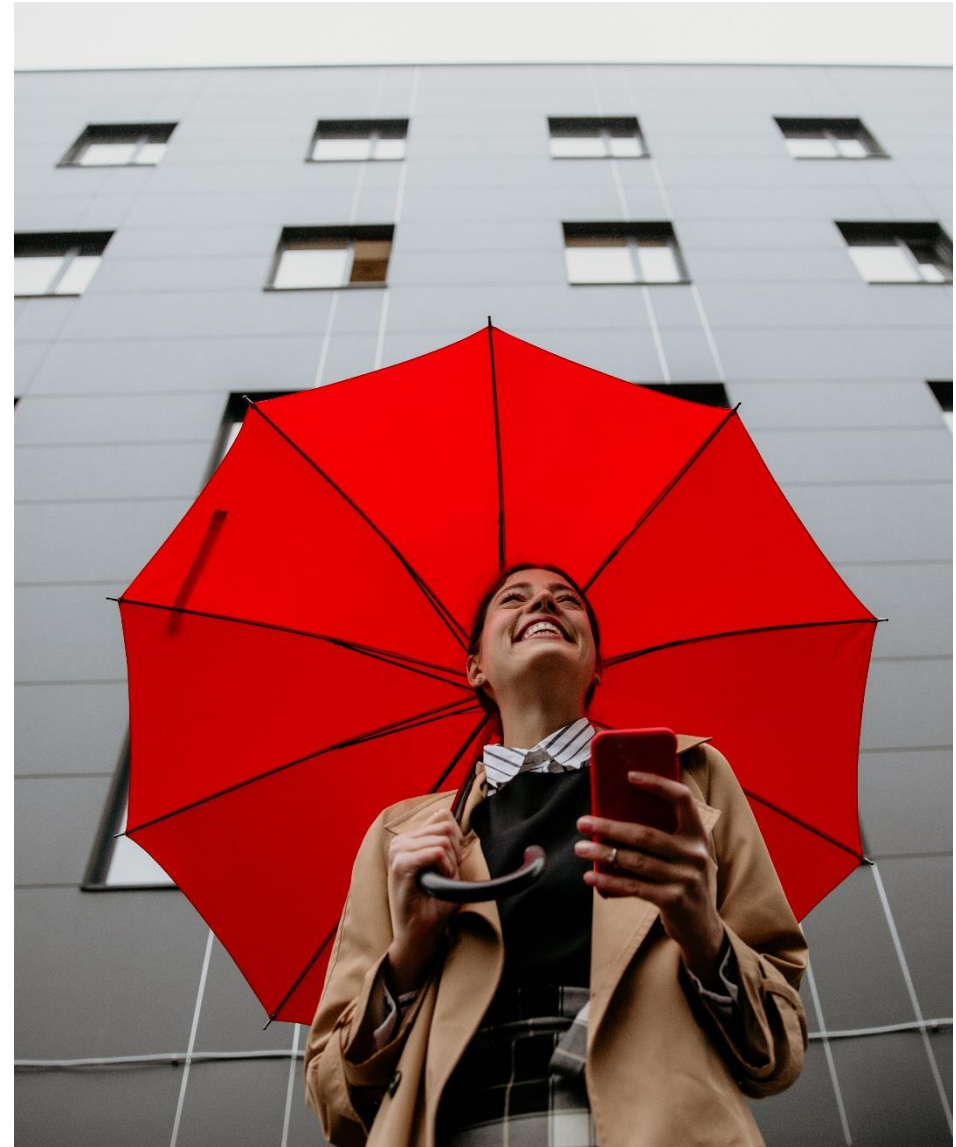
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SUMMARY

2022/23 AND PRIOR

	Total Recs	H	M	To follow up	Complete		In progress		Overdue		Not Due	
					H	M	H	M	H	M	H	M
Health and Safety (19/20)	1	-	1	1	-	1	-	-	-	-	-	-
Asset Management (21/22)	1	-	1	1	-	-	-	-	-	1	-	-
Risk Maturity (21/22)	2	-	2	2	-	-	-	2	-	-	-	-
Procurement and Contract Management (21/22)	5	1	4	5	-	-	1	4	-	-	-	-
Main Financial Systems (MFS) (22/23)	3	-	3	3	-	2	-	1	-	-	-	-
Cyber Security (22/23)	1	-	1	1	-	1	-	-	-	-	-	-
Business Continuity and Emergency Planning (22/23)	3	1	2	2	-	1	-	1	-	-	-	1
Total	16	2	14	15	-	5	1	8	-	1	-	1

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2023/24

	Total Recs	H	M	To follow up	Complete		In progress		Overdue		Not Due	
					H	M	H	M	H	M	H	M
Health and Safety	3	-	3	3	-	1	-	2	-	-	-	-
Project and Programme Management	2	-	2	1	-	-	-	1	-	-	-	1
Safeguarding	3	2	1	3	2	-	-	1	-	-	-	-
Community Health and Wellbeing	1	-	1	-	-	-	-	-	-	-	-	1

Generating External Income	4	-	4	-	-	-	-	-	-	-	-	-	4
Main Financial Systems (MFS)	4	-	4	3	-	2	-	1	-	-	-	-	1
Budget Setting and Efficiency Savings	2	-	2	1	-	1	-	-	-	-	-	-	1
Total	19	2	17	11	2	4	-	5	-	-	-	-	8

2024/25	Total Recs	H	M	To follow up	Complete		In progress		Overdue		Not Due		
					H	M	H	M	H	M	H	M	
Environment: Carbon Management Strategy	2	-	2	-	-	-	-	-	-	-	-	-	2
Total	2	-	2	-	-	-	-	-	-	-	-	-	2

SUMMARY

2022/23 AND PRIOR

Please find below a summary of the status of the implementation of recommendations arising from reports issued in 2022/23 and prior and prior.

- ▶ More actions have now been completed within the MFS, Cyber Security, Business Continuity and Emergency Planning and the 2019/20 Health and Safety audits.
- ▶ The majority of actions (7/13) relate to Risk Maturity and Procurement and Contract Management, both of which are progressing significantly and both of which are complex. Management anticipates these being completed by the end of the calendar year.
- ▶ There is one recommendation from 21/22 (Asset Management) which is now overdue, meaning there has been at least two deadlines for completion missed, and we did not receive an update from management on the progress of this recommendation.

2023/24

Please find below a summary of the status of implementation of recommendations arising from reports issued in 2024/2025.

- ▶ All high significance recommendations from the Safeguarding report are now complete.
- ▶ Of the 11 recommendations we have followed up on from 2023/24, six are complete, and five are in progress, where we obtained evidence of good progress being made to implement them.

2024/25

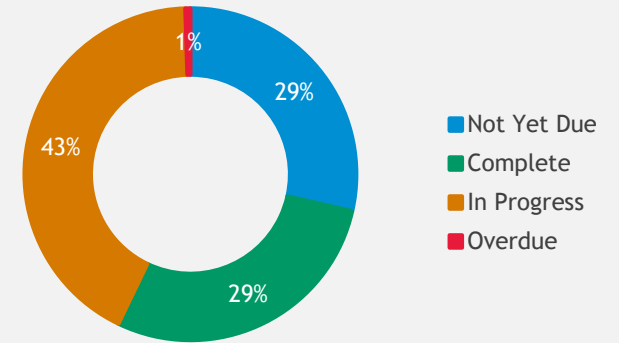
No recommendations are yet due from our 2024/2025 reports.

Overall, for all recommendations followed up on in this report, 72% are complete or in progress, with only one recommendation overdue. The Council has performed well in progressing and implementing recommendations agreed in internal audit reports.


REQUIRED AUDIT COMMITTEE ACTION:



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



2024/2025 Cumulative implementation on reports with outstanding recommendations







RECOMMENDATIONS: COMPLETE

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
19/20 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>	<p>Medium</p> 	Emma Wimble, Property Services Manager	30/09/2024	<p><u>Management Comments:</u> We have a Car Parks Asset Management Plan in place now and associated inspection plans.</p> <p><u>Internal Audit Comments:</u> We obtained these documents and confirmed that this is now completed.</p>

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
22/23 Main Financial Systems (MFS)	<p>The Council should identify and monitor treasury management risks, which should be captured in a separate risk register, to be managed by the Finance Team. Risks should be monitored on a quarterly basis, with high or significant risks reported to the Audit Committee to provide assurance appropriate controls are in place to mitigate the risks. Potential treasury management risks may include the following:</p> <ul style="list-style-type: none"> • Loss of capital investment due to a counterparty collapsing; the Council loses its principal investment or an investment becomes impaired • Pooled fund investments lose value; the value of the Council's units held in pooled fund investments decreases • Increase in interest rates; increasing the cost of any planned borrowings in the Medium-Term Financial Plan • Money laundering by external parties • Lack of a separation of duties; separation of duty controls are manually overridden resulting in deals with unauthorised counterparties and/or over counterparty limits • Payment processing; fraudulent payments to counterparties are processed leading to a loss of monies. 	<p>Medium</p> 	Tina Adams, Chief Finance & S151 Officer	30/09/24	<p><u>Management Comments:</u></p> <p>A new service level TM risk register has been compiled for 24/25 which sets out all TM risks, this feeds into an overall TM risk in the corporate risk register which on the agenda of each AC quarterly meeting. We also have a risk management section as part of the TM update reports that go to Cabinet.</p> <p><u>Internal Audit Comments:</u></p> <p>We reviewed the papers to Cabinet on 5 September and confirm that discussion of Treasury risk management via the Treasury Management Strategy is now part of the reporting to Cabinet.</p>
22/23 Main Financial Systems (MFS)	<p>Bank reconciliations should be prepared by the Assistant Treasury Accountant and reviewed by management within two weeks of the end of the month it relates to. This will ensure that variances are identified early for timely investigation and resolution and will also verify the month end cash position from a treasury perspective.</p>	<p>Medium</p> 	Tina Adams, Chief Finance & S151 Officer	30/09/24	<p><u>Management Comments:</u></p> <p>This was a temporary issue due to a staffing issue which as been resolved. Bank reconciliations are now all completed within a 2 week. Reconciliation spreadsheets are sent to the Finance services manager (from this Monday the AD of Finance) who signs them off and returns to the TM Assistant.</p> <p><u>Internal Audit Comments:</u></p>



AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
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 investigate whether the compliance rate can be reported with a breakdown of service area. This should be reported to the Corporate Safeguarding Group.</p> <p>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.</p> <p>c) The Council should consider whether completion of mandatory training modules is incorporated into the annual staff performance review process.</p> <p>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.</p>	High 	Mel Cryer, Head of Environment	30/07/24	<p>We obtained evidence of the most recent bank reconciliation and confirm it was reviewed within two weeks.</p> <p>Management Comments: At the last Corporate Safeguarding meeting that took place on 4 June 2024 an updated report of the training that has been undertaken on the Notts CC Learning Hub was presented. This report is requested before each Corporate Safeguarding Meeting. The report is then discussed at the Corporate Safeguarding Meeting, where managers are requested to encourage staff to complete as soon as possible. The Chief Executive Officer has stated it will be formalised in PDRs if training is not completed.</p> <p>An email was sent to all Managers on 5 July 2024 with the Mandatory Training Document above requesting that all staff are reminded to complete the training.</p> <p>Internal Audit Comments: We obtained minutes of the Corporate Safeguarding Meeting on 4 June 2024 demonstrating evidence of the documented plans and discussion on training levels.</p>
23/24 Safeguarding	<p>a) The Council should contact the NSCP to ascertain its next steps for completing the May 2023 Section 11 self-assessment.</p> <p>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</p>	High 	Mel Cryer, Head of Environment	30/07/24	<p>Management Comments: The first Section 11 was completed in March 2024 and then an updated version was completed in April 2024. Evidence of this is documented in the minutes of the Corporate Safeguarding Meeting held on 4 June 2024. The action plan will be discussed at the next Corporate Safeguarding Meeting on 3 September 2024.</p>



AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	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.				<p>Internal Audit Comments:</p> <p>We obtained the Section 11 assessments and associated action plan, along with evidence of reporting on this.</p>
23/24 Budget Setting and Efficiency Savings	For the 2025-26 Budget, discussions between heads of service and finance, and between portfolio holders and heads of service should be documented.	Medium 	Richard Staniforth, Assistant Director, Finance	30/08/24	<p>Management Comments:</p> <p>The Budget Process Guidance Notes and Timetable for 2025/26 was issued to budget holders, CLT and SLT on the 8 August 2024.</p> <p>Meetings have been put in calendars per the timetable and I can confirm we will be documenting what is agreed at the meetings by way of an email to the AD / Budget Holder from Financial Services for confirmation purposes following the meeting, we will save copies of these emails into the Budget Setting 2025/26 folder for evidence purposes.</p> <p>Internal Audit Comments:</p> <p>We obtained a copy of the email to budget holders, CLT and SLT and confirm that it includes sufficient timetabling. As the meetings between heads of service and finance have not yet happened we have not verified the discussions were documented but will do so once these have happened.</p>
23/24 Main Financial Systems (MFS)	<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>	Medium 	Andrew Solley, Revenues Manager	31/07/24	<p>Management Comments:</p> <p>a) System restrictions mean that reminder extracts cannot be automated but they are extracted in line with a timetable that is created each financial year. Further, the relevant officer is provided with a calendar appointment to serve as a reminder to undertake the task. Sundry debt reminders are produced at least once per month. However, reminders for sundry debts are usually extracted each week to any invoice that is one week overdue for payment.</p> <p>b) It is considered that the decision to write off an uncollectable debt cannot be to a set timeframe. The decision is dependent on various matters, such as the debtors circumstances and collection methods applicable to the debt, some of which are external methods of collection, such as attachment orders, collection and enforcement agents or county court action, all of which add</p>




AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
					<p>additional processing time.</p> <p>The Council reviews various recovery stages to ensure compliance and success with the enforcement method and write off proposals are made at least annually to those debts deemed uncollectable.</p> <p>Internal Audit Comments: We acknowledge that the spirit of this recommendation has been implemented within the parameters that the Civica system allows. We also accept that the Council has considered part b of our recommendation and concluded not to adhere to the recommendation in full for legitimate reasons.</p>
23/24 Main Financial Systems (MFS)	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.	Medium 	Andrew Solley, Revenues Manager	30/07/24	<p>Management Comments: We do a rent review memorandum every time the rent changes now and this is saved in each property file.</p> <p>Internal Audit Comments: Examples of the rent review memorandum were obtained from the officer.</p>
23/24 Health and Safety	<p>a) The Council should arrange for in-person health and safety training to be provided to service managers and supervisors. The topics for training should be driven by the HSEPM, however, should include risk assessment training</p> <p>b) The Council should consider whether service managers should be included in the attendance for CHAS meetings, to ensure communication is delivered directly to service managers on important updates or actions required of them.</p>	Medium 	Rebecca Hutchinson, Health, Safety and Emergency Planning Officer	30/07/24	<p>Management Comments: Please find attached our training plan which helps us manage the budget as well. Risk Assessment training has been prepared and delivery commences on Friday this week. It was decided internally that senior management was the right level for CHAS. Senior Leadership are currently considering all meetings to make the communications of statistics, data and other monitoring information more efficient so CHAS may fundamentally change.</p> <p>Internal Audit Comments: We received the training plan with thanks and confirm that the Council has significantly progressed this action to completion.</p>



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	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
21/22 Risk Maturity	<p>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.</p> <p>Heads of service and managers should be provided with comprehensive training to enable them to identify and adequately document a risk, identify appropriate mitigating controls and assurances and identify SMART actions to mitigate the risks.</p> <p>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.</p> <p>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.</p>	<p>Medium</p> 	Tina Adams, Chief Finance & S151 Officer	<p>30/09/24</p> <p>31/10/24</p>	<p><u>Management Comments:</u></p> <p>The risk management strategy and new process has been presented to CMT, follow up training on the new reporting stream will follow once the new risk management templates have been populated on the system. The training will then be rolled out wider. We have had delays as the supplier has not yet provided us with the correct templates to start to populate the system. Revised date September/October.</p> <p><u>Internal Audit Comments:</u></p> <p>We note the progress of this recommendation and understand the supplier delay has caused an issue in fully completing it. We will follow up in due course.</p>
21/22 Risk Maturity	<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</p>	<p>Medium</p> 	Tina Adams, Chief Finance & S151 Officer	<p>30/09/24</p> <p>31/10/24</p>	<p><u>Management Comments:</u></p> <p>This has been delayed in line with the implementation of the new risk management process as we are awaiting templates from the supplier to enable the system to be populated. Revised date end of September/ beginning of October.</p> <p><u>Internal Audit Comments:</u></p> <p>Accepted that the delay is with the supplier and we will follow up in the next report.</p>



AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	management (current risk versus target risk etc.). See Appendix II for a list of possible KPIs.				
21/22 Procurement and Contract Management	<p>The Council should:</p> <ul style="list-style-type: none"> Create and disseminate to all Officers adequate guidance on contract management, including what form this should take, its frequency, and internal routes of escalation. It should also include details of how contracts procured by partners on behalf of the Council are recorded in the Contracts Register (ie that, per the Terberg Matec contract detailed in Finding 3, the contract is not recorded however anything procured under the framework by the Council is recorded). Ensure this guidance is adequately reflected in the Strategy Provide examples of the nature of contracts for which a suite of KPIs should be a requirement Provide guidance/training on how to create KPIs that are SMART. 	High 	Tina Adams, Chief Finance & S151 Officer	31/06/24 31/12/24	<p><u>Management Comments:</u></p> <p>The Council is currently considering its options for procurement as we have recognized that the current arrangements are not effective. The current contract end in March 25, we have engaged a procurement specialist to work up a business case to propose an optimal solution for procurement. This work is expected to be completed in September 24. The Procurement Strategy is currently being written.</p> <p><u>Internal Audit Comments:</u></p> <p>We acknowledge this work is in progress and will follow up in due course.</p>
21/22 Procurement and Contract Management	<p>a) Prior to the SLA being reviewed, the Council should review the included KPIs and assess if they are SMART (specific, measurable, attainable, realistic, time-bound), or suggest appropriate alternatives</p> <p>b) For each KPI, an appropriate target should be set and agreed with Bolsover District Council</p> <p>c) The Procurement Strategy should detail how the performance of the Procurement Team will be measured and monitored</p> <p>d) Monthly or quarterly performance against the KPIs should be reported, and where performance is below-target, appropriate steps should be taken to rectify this</p>	Medium 	Tina Adams, Chief Finance & S151 Officer	30/06/24 31/12/24	<p><u>Management Comments:</u></p> <p>As above.</p> <p><u>Internal Audit Comments:</u></p> <p>Given the proposed changes to procurement and contract management, this recommendation is no longer relevant and will be removed from the next follow up report, however its spirit should be maintained for any future contracts the Council signs up to with any other providers, therefore we will follow up on this when the new supplier is appointed.</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	e) A satisfaction survey should be sent to Officers involved in a procurement process, on a bi-annual basis to actively receive feedback.				
21/22 Procurement and Contract Management	<p>a) The Council should run a supplier spend report for 1 April 2021 to 31 March 2022 and review the aggregate spend for all suppliers with expenditure greater than £10,000. This should be completed on an annual basis with appropriate action taken to ensure compliance with Council procurement rules</p> <p>b) All procurements over £10,000 should go through the Procurement team and officers should be reminded via email of this requirement</p> <p>c) The Contracts Register should be updated quarterly and published on the Council's website.</p>	Medium 	Tina Adams, Chief Finance & S151 Officer	30/06/24 31/12/24	<p><u>Management Comments:</u> This is part of the work being undertaken by the procurement specialist who is working up a business case for future procurement proposals.</p> <p><u>Internal Audit Comments:</u> We acknowledge this work is in progress and will follow up in due course.</p>
21/22 Procurement and Contract Management	<p>a) The Council should review and update both documents to ensure they are consistent with each other and relevant legislation</p> <p>b) The Council should complete, approve and finalise its Procurement Strategy as soon as possible</p> <p>c) The Council should ensure the Social Value Policy includes the above areas</p> <p>d) The responsibility of ensuring that committed social value benefits are delivered should be included within the contract management guidance per Finding 2</p> <p>e) The Procurement Strategy should be finalised, approved by Cabinet, published and communicated to officers to raise awareness.</p>	Medium 	Tina Adams, Chief Finance & S151 Officer	30/09/24 31/12/24	<p><u>Management Comments:</u> As above.</p> <p><u>Internal Audit Comments:</u> We acknowledge this work is in progress and will follow up in due course.</p>
21/22 Procurement and Contract Management	a) Contract Managers should ensure accurate contract renewal information is included in the Contracts Register, and proactively monitor their contracts with respect to renewal.	Medium 	Tina Adams, Chief Finance & S151 Officer	30/06/24 31/03/25	<p><u>Management Comments:</u> This is part of the work we are looking at in terms of the procurement offering and future options. The contract register is still not fit for purpose and there is a lot of work that needs to be</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	b) The Procurement team should report on its monitoring of contract renewals via its workplan on a monthly basis.				undertaken to resolve this. As part of the current procurement work we are preparing a business case for future options, this will include a workplan of actions. We will likely need some revised dates for procurement as the work needed is not a quick fix. Internal Audit Comments: We acknowledge this work is in progress and will follow up in due course.
22/23 Main Financial Systems (MFS)	The Council should develop its TMPs in accordance with the recommended framework in Section 7 and 8 of the Code of Practice or review its existing draft TMPs and adopt them. These should be formally reviewed by the Financial Services Manager prior to approval from the Audit Committee, or another appropriate committee.	Medium 	Tina Adams, Chief Finance & S151 Officer	30/06/24 31/12/24	Management Comments: The TMP has been updated, we was hoping it would go to AC in September for adaptation but it hasn't been signed off and reviewed by SLT yet; likely to go in December. Internal Audit Comments: We note the progress made and will confirm in December that it has been signed off, which will close this recommendation.
22/23 Business Continuity and Emergency Planning	The Business Continuity Policy should be updated to reflect: a. Current practice with regards to BIAs/BCPs. This should: <ul style="list-style-type: none"> Identify whether the Council will implement separate BIAs and BCPs or further develop the existing BIAs Establish whether BIAs/BCPs will cover departments or service areas underneath them (where appropriate) Give guidance on what critical functions should be considering, including IT, HR, external suppliers and staff/public health & safety b. How the Council's Emergency Planning process and plans intersect with BCPs c. Outline the process for escalating risks to the Risk Register	Medium 	Rebecca Hutchinson, Health, Safety and Emergency Planning Officer	30/09/24 31/01/25	Management Comments: The Policy has been written and is awaiting SLT approval. Internal Audit Comments: We confirm that lots of work has been done on this recommendation and the Policy has been drafted. We note it is high level and management have explained that they will support the Policy with some 'How To' guidance. Once this and the SLT approval has happened we will mark this recommendation as complete.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<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>				
<p>22/23 Business Continuity and Emergency Planning</p>	<p>a) The Council should develop a regular testing schedule/timetable for BCPs and other emergency plans. This should require all BCPs to be tested periodically or after an event. A combination of tabletop, discussion and live exercises should be used, with more frequent checks to ensure contact information, plan activation procedure and plan objectives are up to date and relevant</p> <p>b) The Business Continuity Policy should require all service BCPs to be tested biennially, at a minimum, by the Head of Service and service manager, in line with the testing schedule. Heads of Service should be required to confirm that the service plan has been tested to the Health, Safety and Emergency Planning Manager so they can retain a central log for which areas have been tested. Alternatively, due to the Council's small size and limited capacity, it may wish to consider testing the key BCPs, such as finance, ICT, etc more regularly with less frequent testing of other areas. The frequency for each testing in each service area should be agreed and defined in the central log.</p>	<p>Medium</p> 	<p>Rebecca Hutchinson, Health, Safety and Emergency Planning Officer</p>	<p>30/09/24</p>	<p><u>Management Comments:</u> This will be complete once the Policy has been finalised and signed off.</p> <p><u>Internal Audit Comments:</u> We accept that the ask of staff in terms of business continuity needs to be clear and consistent before the testing schedule begins and therefore are content that this will happen after the Policy is finalised.</p>
<p>23/24 Safeguarding</p>	<p>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</p> <p>b. Where DBS certificates are recorded as 'Missing' on the HR Team's 'DBS Details' spreadsheet, these should be obtained as a priority matter.</p>	<p>Medium</p> 	<p>Fran Whyley, Deputy CEO</p>	<p>30/07/24 31/01/25</p>	<p><u>Management Comments:</u> The issues have been raised at the corporate Safeguarding Board and at SLT, the general consensus is that we do need to have more regular DBS checks especially for staff that are in regular contact with Children and vulnerable adults, i.e. Leisure, Housing benefits staff. SLT is currently considering budget implications, terms & conditions and how we can implement this. It on the SLT Agenda in September for further discussion.</p> <p><u>Internal Audit Comments:</u> Progress noted.</p>


AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
23/24 Main Financial Systems (MFS)	<p>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"> Value of the debts and number of invoices overdue. Age of debts (showing a split between debt under and over one year overdue). Service areas that the debts relate to. The percentage change in the value of debts from the previous quarter. A list of the highest 10 debtors. <p>For higher valued or longer overdue debts, action plans should be put in place to recover the balances from customers.</p>	Medium 	Andrew Solley, Revenues Manager	31/08/24 31/10/24	<p><u>Management Comments:</u></p> <p>The Council has reinstated a monthly report of aged debts in line with the recommendations, with the exception of the ten highest value debtors (as it is now considered that the value of a debt means it is a problem debt, but the age and recovery success rate does). This reporting has not yet been given to SLT and CMT as structural changes are now being finalised in this area. Once that structure has settled the report will be made available on a quarterly basis. In the meantime and as we have been doing prior to the audit, each service area raising the invoices is given the reports for their debt area to ensure they are aware of the debt situation for their budgets and customers.</p> <p>It is anticipated that this reporting will begin for Q2 (September 2024).</p> <p><u>Internal Audit Comments:</u></p> <p>We note the progress and will follow up in due course.</p>
23/24 Health and Safety	<p>a) The Council should provide training to Heads of Service and service managers on developing risks assessments and tailoring these to specific risks that could impact health and safety of staff and the public for the services it delivers. This training should include a demonstration on how to record these on AssessNET with effective and targeted controls</p> <p>b) Heads of Service or service managers should be reminded to update the risks assessments relating to their service area as the review date falls due. A list of all overdue risk assessments should be collated and reported to CHAS monthly</p> <p>c) If there are service areas where risk assessments are consistently overdue and not reviewed, this should be escalated to the Chief Executive or Interim Corporate Services Director.</p>	Medium 	Rebecca Hutchinson, Health, Safety and Emergency Planning Officer	30/06/24 31/12/24	<p><u>Management Comments:</u></p> <p>Risk assessment training has been developed and is starting on 6 September.</p> <p><u>Internal Audit Comments:</u></p> <p>We note the good progress that has been made and will review further later in the year once training has been rolled out.</p>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
<p>23/24 Health and Safety</p>	<p>a) A central folder should be set up for contractor documentation to be stored in (with sub-folders for each contractor), to ensure there is central oversight from the HSEPM of certification held. This should be accessible to all service managers</p> <p>b) The Interim Corporate Services Director should instruct service managers, potentially through heads of service and the Corporate Management Team (CMT), to ensure up-to-date contractor documentation is stored in the central folder and that the contractor list is updated when new documentation is received or new contractors are appointed</p> <p>c) A column should be added to the contractor list to identify the Council officer responsible for managing the contract to increase the accountability of staff in keeping it up-to-date</p> <p>d) Once a central folder has been set up, all service managers should be sent an email outlining the requirements for updating the contractor list and where the relevant contract documentation should be stored</p> <p>e) here service areas are consistently failing to update the contractor list or saved contractor documentation in the shared folder, this should be escalated to CMT.</p>	<p>Medium</p> 	<p>Rebecca Hutchinson, Health, Safety and Emergency Planning Officer</p>	<p>30/07/24 31/12/24</p>	<p><u>Management Comments:</u></p> <p>The information has been requested several times from managers with limited success. We haven't had time to tackle the subject as a whole which is my preferred process. There are elements that can be simplified to make it easier for compliance. This is identified in our work plan but isn't started. The work plan has been recently updated.</p> <p><u>Internal Audit Comments:</u></p> <p>We acknowledge the issues in completing this recommendation but have not obtained evidence of any of the elements of progress as yet and will therefore follow up again in the next quarter.</p>
<p>23/24 Project and Programme Management</p>	<p>a) CMT should re-introduce bi-monthly highlight reports for all Tier 1 projects, using a standard template. This should cover: project delivery update, finances, risks, target completion date and any issues that have arisen. It could identify actions to be taken over the next two months to ensure that CMT can monitor the delivery of these at the following meeting</p> <p>b) As part of the bi-monthly reporting process, highlight reports to be submitted to the project's Finance Business Partner for review at</p>	<p>Medium</p> 	<p>Mike Hill, CEO</p>	<p>30/07/24 31/12/24</p>	<p><u>Management Comments:</u></p> <p>We now have a new management structure and created a joint Director of Transformation role, with an associated new transformation team. They are tasked to do many things, but two of these are:</p> <ol style="list-style-type: none"> a. to create a new streamlined and effective approach to project and programme management - this has already started with ICT projects via the new BDTA meetings.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	<p>least two weeks before it is presented to SLT/CMT</p> <p>c) A bi-monthly reporting timetable should be included in the project management guidance documentation identifying when the report should be provided to the Finance Business Partner, the Project Sponsor/Head of Service and SLT/CMT.</p>				<p>b. To review all internal meetings and suggest a better way of working - this has yet to be determined for project/programme management.</p> <p>We anticipate this recommendation to be fully implemented by the end of the calendar year.</p> <p>The new Directors of Transformation are working on implementing the Business and Technical Design Authority (BTDA) group which will enable a more joined up approach for cross-cutting projects. All projects will still go to SLT in the first instance and SLT will decide how the projects are to be monitored, but the BTDA will provide an initial advisory function for projects looking to make changes to processes or systems, so that the technical requirements can be considered and effort appropriately quantified for business cases etc. So projects can come to BTDA before SLT for support, but it then approves (after SLT approval of projects) the technical implementation approach - this is designed to stop what we had previously which was services buying tech in isolation of the whole. We want to sweat our tech assets and minimise duplication.</p> <p><u>Internal Audit Comments:</u></p> <p>The spirit of this recommendation has been accepted by the Council and we acknowledge the work completed so far. We have obtained a detailed narrative from the Directors of Transformation as well as a draft Terms of Reference for the BTDA. We will review the progress of this recommendation again in December 2024.</p>

RECOMMENDATIONS: OVERDUE

These recommendations have been marked as overdue as they have previously revised their implementation date. Therefore, they have now missed at least two implementation dates.

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
21/22 Asset Management	<p>a) A series of KPIs) should be agreed by the Property Services team and reported in a formal report each month to the Property Services Manager, for example:</p> <ul style="list-style-type: none"> · % rental income from Council properties received within 30 days · Value of outstanding rental income · % repairs completed within a specified number of days from the original request · % of projects where cost is within +/- 5% of the estimated outturn · % of projects falling within +/- 5% of the estimated timescale · Customer satisfaction levels are above XX% · % split between planned and responsive maintenance. <p>The Council should ensure that all Property Services Service Plan reports include a progress update against each KPI to ensure the SLT are aware of the progress being made against each of the measures. This should include some narrative in the report to explain the actions undertaken towards the completion of KPIs.</p>	<p>Medium</p> 	Emma Wimble, Property Services Manager	<p>31/12/2022 30/11/2023 30/06/2024 31/12/2024</p>	<p>Internal Audit Comments: We have not received management comment on this and therefore bring this to your attention.</p>

FOR MORE INFORMATION:

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

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