GEDLING BOROUGH COUNCIL

Internal Audit Progress Report

Audit Committee
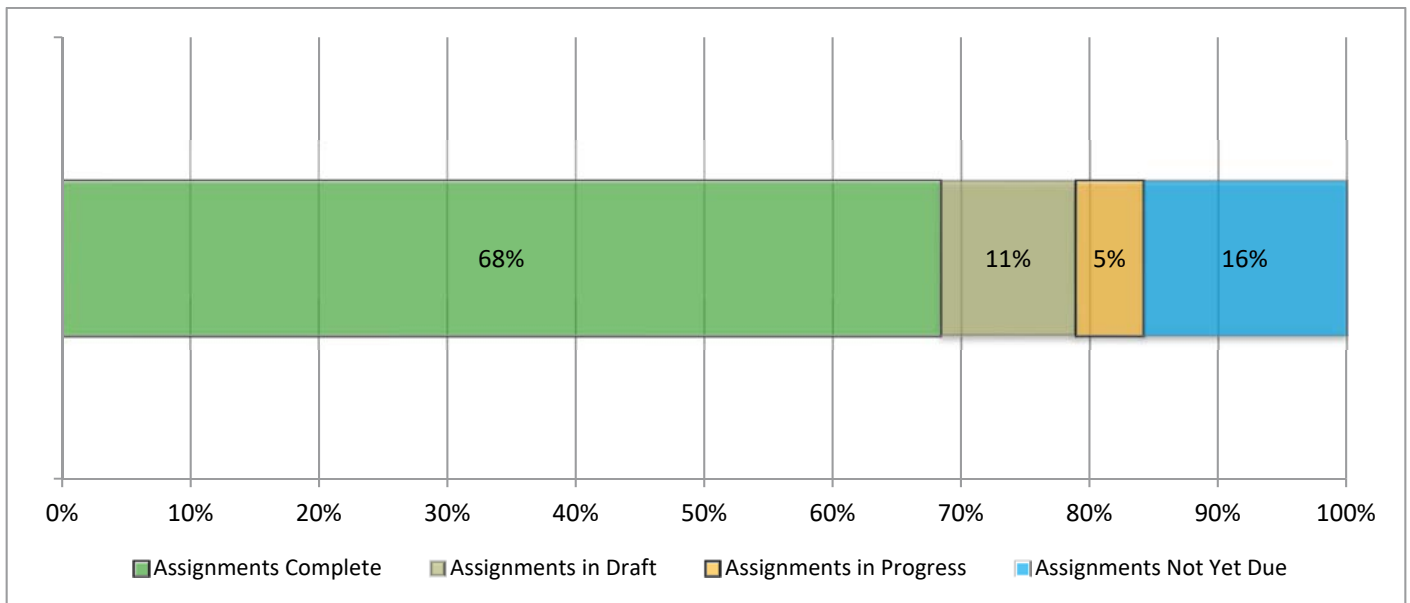
14 January 2020

RSM

CONTENTS

1   INTRODUCTION

The Internal Audit Plan for 2019/20 was approved by the Audit Committee on 19 March 2019. Below provides a summary update on progress against that plan and summarises the results of our work to date. Please see chart below for current progress with the Plan.

Chart showing progress: 68% Assignments Complete, 11% Assignments in Draft, 5% Assignments in Progress, 16% Assignments Not Yet Due.

2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

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

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Safeguarding (1.19/20)	Final	Reasonable assurance	3	3	0
Emergency Planning and Business Continuity (3.19/20)	Final	Substantial assurance	1	1	0
Building Control (4.19/20)	Final	Substantial assurance	0	1	0
Follow Up 1 (5.19/20)	Final	Good Progress	3	3	0
Corporate Governance (6.19/20)	Final	Substantial assurance	3	1	0
Debtors and Debt Recovery (7.19/20)	Final	Substantial assurance	0	1	0
Cash and Banking (8.19/20)	Final	Substantial assurance	1	1	0
Main Accounting System (10.19/20)	Final	Substantial assurance	1	1	0

Apprenticeship Levy (12.19/20)	Final	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	1	0
Housing Benefits, Universal Credit and Council Tax Reduction Scheme (13.19/20)	Final	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	3	1	0
Payroll and Expenses (14.19/20)	Final	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	0	0
Council Tax (15.19/20)	Final	No assurance / Partial assurance / Reasonable assurance / **Substantial assurance**	0	2	0

2.1 Impact of findings to date

Safeguarding (1.19/20)

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

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

The medium priority findings relate to:

- Sample testing of 20 new starters in regulated roles identified two instances where DBS Certificates were not maintained on file by the Council.

- Information on safeguarding is not displayed in the Civic Centre and no information on safeguarding is provided on the Council's website.

- A total of 80 safeguarding cases remained "open" on the Safeguarding Database. Many had been resolved but the system had not been updated by individuals responsible.

Emergency Planning and Business Continuity (3.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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

The medium priority finding relates to:

- Service areas within the Council had not completed a Business Impact Analysis and created a Business Continuity Plan and Recovery Action Plan.

Building Control (4.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' priority finding was identified. A management action was agreed in respect of the finding.

The medium priority finding relates to:

- Site inspections had commenced prior to the customer being invoiced for the inspection phase of the application.

Follow Up 1 (5.19/20)

Conclusion: Good Progress

Impact on Annual Opinion: Positive

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

Corporate Governance (6.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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

The medium priority finding relates to:

- A Register of Interests for all staff is not in place at the Council.

Debtors and Debt Recovery (7.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' priority finding was identified. A management action was agreed in respect of the finding.

The medium priority finding relates to:

- Sample testing of 20 aged debts identified two instances where escalation was not carried out in a timely manner.

Cash and Banking (8.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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

The medium priority finding relates to:

- Testing of 83 Flea Market stall's income identified that in three instances receipts were unclear and in one instance a receipt was not maintained and therefore could not be matched to the daily bankings taken.

Main Accounting System (10.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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

The medium priority finding relates to:

- Testing a sample of 20 virements identified four instances where the virement was processed prior to full authorisation and one instance where it could not be confirmed authorisation was prior to the processing of the virement.

Apprenticeship Levy (12.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, one 'medium' priority finding was identified. A management action was agreed in respect of the finding.

The medium priority finding relates to:

- The Council currently expects its apprenticeships to be completed in 15 months and this is reflected in the start and end dates recorded in the ILR and in the Apprenticeship agreement. We found that all the apprentices tested had a planned end date of either 28 February 2019 or 30 April 2019. However, at the time of audit, none of these apprentices have completed their apprenticeships. To have not completed, some six months after the expected end date, implies either that the planned duration of the apprenticeship is not realistic or that apprentices are not making the expected progress through their learning. The ESFA expects apprenticeship start and end dates to realistically reflect the time taken to deliver the required training. Once an apprenticeship passes its planned end date, no further funding can be claimed except for the completion payment, payable only after successful completion of the apprenticeship and the EPA.

Housing Benefits, Universal Credit and Council Tax Reduction Scheme (13.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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

The medium priority finding relates to:

- A weekly reconciliation of cheques and BACS payments is made against the expected payment reports from Civica, before being processed and paid to claimants. There is segregation of duties throughout the process and any variances are investigated. Testing of the last 10 weeks BACS payments identified one week where the BACS process was conducted, authorised and paid by one member of staff. However, mitigating circumstances were present due to annual leave and illnesses in the team.

Payroll and Expenses (14.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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

Council Tax (15.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing undertaken, two 'medium' priority findings were identified. Management actions were agreed in respect of both findings.

The medium priority findings relate to:

- Testing a sample of new liabilities within the current financial year identified three instances where notifications of new liabilities had been processed outside of the set 14-day period.

- Testing a sample of refunds within the current financial year identified one instance where a refund batch had not been signed by an approver.

3 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2019/20	Status	Target Audit Committee per the IA Plan 2019/20
Leisure Centres	Quarter 2	Draft Report Issued	November 2019
IT General Controls	Quarter 2	Draft Report Issued	November 2019
Recruitment and Retention *	Quarter 3	Not Yet Due	March 2020
Pre-Application Advice	Quarter 3	In Progress	March 2020
Risk Management	Quarter 4	Not Yet Due	March 2020
Follow Up 2	Quarter 4	Not Yet Due	March 2020

* See Section 4.1 for changes to audit timings.

4 OTHER MATTERS

4.1 Changes to the audit plan

It has been agreed with Management to bring forward the 'Main Accounting System' review to Quarter 2, move the 'Council Tax' review to Quarter 3 and move the Recruitment and Retention review to Quarter 4.

4.2 Quality Assurance and Continual Improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of: Ross Wood (Manager, Quality Assurance Department) with support from other team members across the Department. All reports are reviewed by James Farmbrough as the Head of the Quality Assurance Department.

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

4.3 Post Assignment Surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each product (current option);
- Monthly / quarterly / annual feedback request; and
- Executive lead only, or executive lead and key team members.

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

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

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Flexible and Lone Working (02.19/20)	Final	Advisory	0	2	3

FOR FURTHER INFORMATION CONTACT

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SAFEGUARDING - EXECUTIVE SUMMARY

1.1 Background

A review of Safeguarding was undertaken as part of the approved internal audit periodic plan for 2019/20.

The focus of this review was to ensure Council officers and volunteers in a regulated role are subject to the necessary checks and references prior to engaging in any work involving children or vulnerable adults.

Gedling Borough Council has a specific statutory duty under Section 11 of the Children Act 2004 to make arrangements for ensuring that their functions, and services provided on their behalf, are discharged with regard to the need to safeguard and promote the welfare of children.

Gedling Borough Council recognises that Nottinghamshire County Council, Health Services and the Police are the lead agencies in the District regarding Safeguarding children and vulnerable adults. However, within its Safeguarding Policy it also recognises that everyone has a responsibility for Safeguarding, and those employees who come across children, families and vulnerable adults in any aspect of their work have an important role to play in ensuring that the inter-agency processes are effective.

Any staff member employed within the Council who are to be involved in any regulated activity are subject to a Disclosure and Barring Service (DBS) check. The Personnel Department maintain a list of 'regulated roles' which is reviewed and updated on an on-going basis.

The definition of 'regulated activity' as per the Council's Employee Handbook is as follows:

Work in relation to children which involves the following:

- a) Unsupervised activities: teach, train, instruct, care for or supervise children, or provide advice/ guidance on well-being, or drive a vehicle only for children; and
- b) Work for a limited range of establishments ('specified places'), with opportunity for contact: e.g. schools, children's homes, child care premises.

1.2 Conclusion

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

Internal audit opinion:
Taking account of the issues identified, the Council can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).
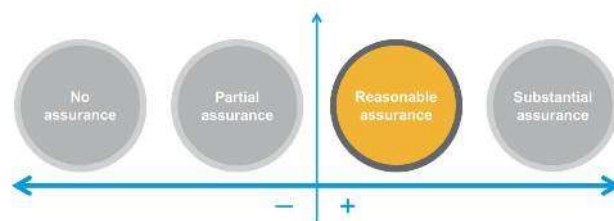
1.3 Key findings

The key findings from this review are as follows:

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

- A Safeguarding Policy is in place which details Council officers and volunteers carrying out regulated work involving children and vulnerable adults.

- Procedural documentation regarding Safeguarding is in place which has been developed in conjunction with the Nottingham City Safeguarding Children Board (NCSCB) and Nottinghamshire Safeguarding Children Board (NSCB).

- The Council has a designated lead on Safeguarding in place (Community Safety and Safeguarding Manager).

- Through interviewing a sample of Service Managers and Council staff members it was determined that an understanding of the Council's Safeguarding principles and processes are embedded across the Council.

- The relevant departments within the Council are responsible for carrying out risk assessments in the event of a DBS check not being in place by the start date for Council staff and volunteers.

- The Council has a Volunteer Handbook in place which contains a list of activities which volunteers can carry out. All volunteers within the Council who are to deviate from the listed activities within the Handbook and undertake any regulated activity are subject to a DBS background check.

- The Council maintains a database of all DBS checks carried out for new starters and volunteers in regulated roles. The database is monitored on an on-going bases to ensure that a valid DBS in place for all the relevant staff and volunteers.

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

- All staff and volunteers are provided with regular Safeguarding training. Staff in a regulated role are provided with additional training as appropriate.

- A Safeguarding Children, Young People and Vulnerable Adults Corporate Working Group is in place which meets on a quarterly basis.

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

- A sample of 20 new starters within a regulated role were selected and tested from the last 12 months, the following areas of non-compliance were noted:

  o One instance was noted where a DBS was not maintained on file for a new starter. From further investigation it was established that an original DBS application had been made in June 2018, however the corresponding certificate was not received by the applicant and therefore not confirmed by the Council. At the time of audit, the individual was currently in post, however, no evidence was available to support the re-application for DBS clearance.

  o A further instance was noted where a DBS was not maintained on file for a new starter. In this instance, the Line Manager of the individual at Carlton Forum Leisure Centre had reviewed the individuals DBS Certificate and confirmed clearance via a signed declaration, however, the Manager subsequently lost the certificate and therefore the Personnel Department did not have any records on file regarding the DBS Check. It was therefore not possible at the time of audit to confirm the new starter had been DBS cleared and no additional evidence was presented to suggest the starter had re-applied for a DBS check.

- Through physical observation of the Civic Centre it was noted that no information regarding Safeguarding was displayed throughout the building.   Additionally, a review of the Council's website and Intranet established that currently no information regarding Safeguarding has been published. The Community Safety and Safeguarding Manager advised that the Safeguarding information to be published is currently in the process of being refreshed.

- Through testing a sample of 20 new starters within a regulated role, one instance was noted where references had not been obtained as per the individual's Line Managers instructions, however, evidence to support the instruction had not been maintained on file by the Personnel Department. A further instance was also noted where only a character reference had been obtained and there was no evidence on file to support the chasing of the missing work reference by the Personnel Department.

- Testing a sample of 20 current Council employees within a regulated role identified 18 cases where roles and responsibilities in respect of Safeguarding were not documented on the relevant individuals job description.

- A review of the Safeguarding Database identified there are currently a total of 80 cases open on the database (13 for 2019; 36 for 2018, 26 for 2017 and five for 2016). Through further investigation it was noted that many of the open cases have now been resolved but have not been closed within the database. It was also noted that there is no reporting facility on the Safeguarding Database and as a result monitoring data is not available from the database and all performance data is therefore currently manually calculated.

- At the time of audit, there was no annual report produced in respect of Safeguarding which is presented to Cabinet Members to ensure they are kept up to date with arising Safeguarding matters and concerns within the Council.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non Compliance with controls*		Agreed management actions		
					Low	Medium	High
Safeguarding arrangements are not adequate and do not meet best practice.	1	(14)	5	(14)	3	3	0
Total					**3**	**3**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Risk: Safeguarding arrangements are not adequate and do not meet best practice.								
1	Any staff employed within the Council who are to undertake in regulated activity are subject to a DBS check.	Yes	No	A sample of 20 new starters within a regulated role were selected and tested from the last 12 months. 17 instances were noted where a DBS check had been fully completed and issued. One instance was noted where the starter had not yet been issued DBS clearance. The individual had already commenced employment with the Council, however, evidence of the application being made, and a supporting risk assessment was maintained on file.	Medium	Any staff employed by the Council within a regulated role will be subject to a DBS check prior to commencing employment. Evidence to support DBS checks will be maintained on file by the Personnel Department.	30 June 2019	Service Manager - Organisational Development

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				One instance was noted where a DBS was not maintained on file for a new starter. From further investigation it was established that an original DBS application had been made in June 2018, however, the corresponding certificate was not received by the applicant and therefore not confirmed by the Council. At the time of audit, no evidence was available to support the re-application by the applicant for DBS clearance.				
				A further instance was noted where a DBS was not maintained on file for a new starter. In this instance, the Line Manager of the individual at Carlton Forum Leisure Centre had reviewed the individuals DBS certificate and confirmed clearance, however, the Manager subsequently lost the certificate and therefore the Personnel Department did not have any records on file regarding the DBS Check. It was therefore not possible at the time of the audit to confirm that the new starter had been DBS cleared and no additional evidence was presented to suggest the starter had re-applied.				
				If new starters in regulated roles are not DBS checked prior to commencing employment there is an enhanced risk of unsuitable staff being employed who may pose Safeguarding issues for the Council.				

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
2	The Council has a designated lead on Safeguarding. Safeguarding is actively promoted to staff and volunteers. Information is provided on the Council's web site and the intranet.	Yes	No	On a walk around the Civic Centre it was noted information on Safeguarding is not displayed. A review of the Council's website and the intranet established that information on Safeguarding in not published. The Community Safety and Safeguarding Manager advised that the information is currently in the process of being updated. There is a risk that Safeguarding is not actively promoted as information is not provided currently on the Council's website and intranet. Subsequently, Council staff, volunteers and members of the public may be unaware of the Safeguarding processes.	Medium	Information on Safeguarding will be displayed to staff and volunteers on notice boards around the Civic Centre and on completion of the review, safeguarding information will be published on the Council's website and on the intranet.	31 January 2020	Community Safety and Safeguarding Manager
5	All safeguarding incidents are recorded on the database and the appropriate actions are undertaken. The safeguarding cases are closed on a timely basis.	Yes	No	The Safeguarding Database is accessible form the Council's intranet and only designated Managers and staff across the Council have been provided with access to the Safeguarding Database. When a Safeguarding issue is identified, this can be input onto the database by the designated member of staff or can be passed to the Community Safety and Safeguarding Manager. The Safeguarding case is then dealt with by the designated member of staff and the database is updated.	Medium	a) A review will be undertaken of all the older Safeguarding cases and all cases that have been completed will be closed on the system. b) The Council will investigate with IT the feasibility of: i) Adding an email notification each time the Safeguarding Database is updated. This will enable the Community Safety and Safeguarding Manager to review,	31 January 2020	Community Safety and Safeguarding Manager

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				Access to close the case is restricted to the Community Safety and Safeguarding Manager and on completion of the Safeguarding case, the designated member of staff notifies the to close Community Safety and Safeguarding Manager to close the case on the database.

Through discussion with the Community Safety and Safeguarding Manager it was confirmed that notifications from the designated members of staff is not always received and as a result there are Safeguarding cases yet to be closed on the database.

A review of the Safeguarding Database identified there are currently a total of 80 cases open on the database (13 for 2019; 36 for 2018, 26 for 2017 and five for 2016).

There is a risk that accurate performance data on Safeguarding may not be reported where cases are not closed on a timely basis.

It was also noted that there is no reporting facility on the Safeguarding Database and as a result monitoring data is not available from the database and all performance data is manually calculated.

There is a risk that effective monitoring is not carried out due to the lack of reporting facility. | | monitor and close the Safeguarding cases in a timely basis.

ii) Obtaining monitoring reports from the database. | | |

EMERGENCY PLANNING AND BUSINESS CONTINUITY - EXECUTIVE SUMMARY

1.1 Background

The Civil Contingencies Act 2004 delivers a single framework for civil protection in the United Kingdom designed to meet the challenges of the 21st century. It improves the UK's ability to deal with the consequences of major disruptive incident by improving the planning process at a local level, building better contacts between agencies and improving the link between local areas and central government. The Act clearly identifies the roles and responsibilities of local responders, ensuring consistency in civil protection activity and enhancing performance. The Act helps to ensure that the front-line responders can deal with the full range of emergencies from localised major incidents through to catastrophic emergencies, by setting out clear expectations and responsibilities.

Within the Civil Contingencies Act (2004), the act classifies emergency responders as either:

- Category one responders, these are the primary responders, the blue-light emergency services, local authorities and the health community. They are subject to six new duties with respect to emergency planning, with Local Authorities subject to a seventh.

- Category two responders such as utility companies and transport organisation have fewer statutory obligations to fulfil but are required to aid the preparation and response to major emergencies through co-operating and sharing information with Category one responders.

The main part of the Act clearly identifies the roles and responsibilities of local responders. Local Councils have seven main statutory duties, namely:

- Assess the risk of emergencies occurring and use this to inform contingency planning. This is collated at a local level to form a Community Risk Register;

- Put in place emergency plans;

- Put in place business continuity management arrangements;

- Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency;

- Share information with other local responders to enhance co-ordination; Gedling Borough Council does this via the Nottinghamshire Local Resilience Forum;

- Co-operate with other local responders to enhance co-ordination and efficiency, which Gedling Borough Council does via the Nottinghamshire Local Resilience Forum; and

- Provide advice and assistance to businesses and voluntary organisations about business continuity management.

The Council has a nominated Officer (The Health, Safety and Emergency Planning Officer) who has been delegated responsibility for Business Continuity and Emergency Planning within the Council. A Business Continuity Policy has been developed which details the Council's legal duties and service provisions, both statutory and discretionary, to respond to and recovery from events that have the potential to prevent them from 'business as usual' activities. Additionally, the Council also has an Emergency Plan in place, the aim of the plan is to outline the arrangements in place for coordinating and managing the response of the Council in the event of a disaster or emergency.

1.2 Conclusion

There is an appropriate control framework in place for Emergency Planning and Business Continuity across the Council. Our work confirmed that the design of the control framework is appropriate however, testing identified that those controls are not always consistently applied. Areas of improvements have been noted which has resulted in the agreement of one 'medium' and one 'low' priority management actions.

Internal audit opinion:
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified are suitably designed, consistently applied and operating effectively.
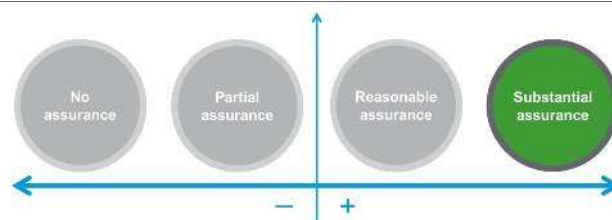
1.3 Key findings

The key findings from this review are as follows:

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

- The Council has an Emergency Plan in place. The Emergency Plan outlines the arrangements in place for coordinating and managing the response of the Council in the event of a disaster or emergency.

- Key strategic risks regarding Business Continuity and Emergency Planning are documented within the Council's Corporate Risk Register.

- Physical Key Contact Cards have been disseminated to Senior Managers and other senior member of staff who would assist in the event of disaster or emergency.

- An exercise was completed by the Health, Safety and Emergency Planning Officer and the Senior Assistant Accountant to determine the proximity of Council staff members' home addresses to the main Council Civic Building. Results from the above exercise have been incorporated in to relevant plans such as the Flood Plan.

- The Council has a nominated Officer (The Health, Safety and Emergency Planning Officer) who has been delegated responsibility for Business Continuity and Emergency Planning within the Council.

- The Council is a member of the Nottingham and Nottinghamshire Local Resilience Forum (LRF). The LRF is a management group for the co-ordination of emergency planning within Nottingham and Nottinghamshire. The Forum meets at least twice a year, is led by Nottinghamshire Police, and is made up of Senior Managers from the principal emergency planning and response organisations. A Service Level Agreement (SLA) is in place between Newark and Sherwood District Council and Gedling Borough Council for representation at each LRF meeting.

- The Council has an Incident Management Team (IMT) is in place. Membership of IMT is dependent upon individual scenarios, however will normally include:
  - The On-Call Duty Emergency Planning Officer;
  - Service Managers;
  - The Health, Safety and Emergency Planning Officer;
  - Technical Officers; and
  - Communications Staff.

- An IMT checklist is in place which sets out the process to be followed in the event of a major incident or disaster.

- The Council has a Strategic Resilience Group (SRG) in place which is made up of key officers of the Council, that plan and discuss Emergency Planning and Business Continuity arrangements for the Council. They also assess the wider LRF meetings and sub group work, national issues, incidents, training along with the strategic direction, priorities and tasks for Business Continuity planning. The SRG meets three times per year on a rolling cycle.

- Out of hours cover is provided by the emergency planning duty officer and rotates between four officers within the Parks and Street Care Service Area. The Duty Officer carries the following items at all times on call out duty:
  - o 'Grab Bag' (Includes Emergency Plan, Emergency Phone and Backup Phone and Out of Hours Script);
  - o Emergency Call Log; and
  - o Duty Officer Emergency Procedures Book (including all relevant procedures, risk assessments and other important information).

- Grab Bag Training has been provided to all out of hours duty officers with refresher training also being provided where necessary. The initial steps to be taken by the on-call duty emergency planning officer when activating the Emergency Plan is covered within the Grab Bag Training Sessions.

- An Emergency Planning Training Sessions were delivered to SLT and Service Managers by the Health, Safety and Emergency Planning Officer and Emergency Planning Officer at Nottinghamshire County Council (NCC) on 26 February 2019.

- The Council has an ICT Disaster Recovery Plan in place. As part of the Recovery Plan a data recovery contract is in place with a third-party contractor.

- The Council has a Local Flood Response Plan and Winter Preparation Plan in place. Both Plans have been circulated amongst the Lead Officer for Emergency Planning and Business, SLT, and all Service Managers.

- Following an emergency or disaster taking place, a formal de-brief will take place involving all members of the assigned IMT. An event log is completed which documents all steps taken to mitigate the disaster from the start to end, including any potential learning points. Once the log has been fully completed, it is signed off by the Deputy Chief Executive and Director of Finance.

- An 'Emergency Planning' contact network has been created within Outlook which includes the contact details of all key Council staff members and third-party contacts that would be required in the event of an emergency or disaster. All contact within the network group are required to maintain their contact details up to date; any changes will update the contact details for all members within the contact network in real-time. All Service Managers and key emergency planning staff members within the Council have been granted permission access to the contact list which can be transferred to their PC and hand-held devices. There is also a LRF contact directory that can also be used in the event of an incident.

- As part of the Emergency Planning Training Sessions, table-top scenario exercises are completed, which involve analysing various emergency and disaster situations and determining the best plan of action to be taken based upon the guidance in the Council's Emergency Plan.

- The Council has a Fuel Emergency Action Plan in place. The Plan has been created upon the guidelines for local authorities issued by the Government in their National Emergency Plan for Fuel.

- The Council has access to the ResilienceDirect Platform -an online private network which enables civil protection practitioners to work together – across geographical and organisational boundaries – during the preparation, response and recovery phases of an event or emergency. ResilienceDirect is available for use by all category one and two responders (as defined by the Civil Contingencies Act 2004), government departments and agencies, and other key organisations in the UK resilience community.

- The Council has three Rest Centres in place across the Gedling Borough for evacuation purposes in the event of emergency or disaster. Within each Rest Centre is a box of key essential items which that would be required in the event of an evacuation.

- The Council has a Service Level Agreement (SLA) in place with Nottinghamshire County Council (NCC) in relation to the duties placed upon Gedling Borough Council by the Civil Contingencies At 2004. The SLA encompasses NCC providing a lead role and assistance on joint activities relating to Emergency Planning.

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

- The Council has a Business Continuity Policy which is maintained by the Health, Safety and Emergency Planning Officer. The policy was last reviewed and updated in January 2019. The Business Continuity Policy is currently in draft form and has not yet been formally approved. The policy has been through an SLT consultation and is due to be presented to Cabinet for approval.

- At the time of audit, individual service areas within the Council had not completed a Business Impact Analysis (BIA) and created a subsequent Business Continuity Plan and Recovery Action Plan.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non Compliance with controls*		Agreed management actions		
					Low	Medium	High
Adequate business continuity and emergency procedures are not in place to enable the Council to operate if any event occurs.	0	(21)	2	(21)	1	1	0
Total					**1**	**1**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Risk: Adequate business continuity and emergency procedures are not in place to enable the Council to operate if any event occurs.								
2	<u>Missing Control</u> The Health, Safety and Emergency Planning Officer has provided templates that service areas should utilise in order to complete a Business Impact Analysis (BIA) and prepare business continuity strategies and recovery action plans.	Yes	No	The Health, Safety and Emergency Planning Officer has created templates that service areas should utilise in order to complete the following: • Business Impact Analysis (BIA); • Service Level Business Continuity Plan/Strategy; and • Service Level Recovery Action Plan. The Health, Safety and Emergency Planning Officer confirmed that due to lack of resources, individual service areas have not yet	Medium	All service areas within the Council will complete the following to ensure they are able to continue to carry out key and critical duties in the event of a disaster or emergency: • Business Impact Analysis (BIA); • Service Level Business Continuity Plan/Strategy; and • Service Level Recovery Action Plan.	30 Sept 2020	Health, Safety and Emergency Planning Officer

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				completed the above three exercises.				
				Through discussion with the Health, Safety and Emergency Planning Officer it was confirmed that additional resource will need to be brought in from the Nottinghamshire County Council Emergency Planning Team, as well as administration assistance internally to help coordinate and collate all the above documentation.				
				If all service areas have not completed a Business Impact Analysis and created a subsequent Business Continuity Plan and Recovery Action Plan, there is a risk that the individual service areas would not be able to continue to carry out key and critical duties in the event of a disaster or emergency.				

BUILDING CONTROLS - EXECUTIVE SUMMARY

1.1 Background

We carried out an audit of the Council's Building Control Unit; as part of the agreed internal audit plan for 2019/20.

The Building Control department is managed by the Service Manager, Development Services, who is responsible for a team of Building Control Surveyors and administrative support staff. The core activity of the Building Control department is to ensure compliance with the Building Act 1984 and current Building Regulations. We noted that that Building Regulations are continually updated and that there are likely to be further significant changes to Schedule B following completion of the Grenfell Tower enquiry. The 'Hackett' independent review of Building Regulations: Final Report; has already made recommendations for future changes to Building Regulations including Schedule B: Fire Safety. We have confirmed that relevant staff have already attended training updates on these recent developments. Building Control Surveyors also check that new building work achieves national recognised standards relating to the health, safety, welfare and convenience of people in and around buildings, minimises energy demands, protects the environment and provides fair access for disabled people. Building Control surveyors also ensures that dangerous buildings or structures are made safe and where applicable, buildings are demolished in a safe manner. Staff can be available throughout evenings and weekends to deal with emergency building inspections, that may be required, as a result of house fires, storm damage or other unforeseen emergency.

Advice and guidance including full details of the types of building works, including house extensions and improvements, that require Building Control approvals and the fees payable; are prominently displayed on the Council's Building Control web-site, where they can be readily accessed by homeowners and developers. Applications for Building Control services can be made either on-line or by using the paper Application Forms, available from the Council's offices.

The Uniform system is used to record all applications received and to monitor the progress made towards completion. At present, paper files are also maintained to hold the plans, survey reports and original copies of correspondence with customers. The department is investigating how it can introduce 'agile' working procedures into the building control process. Current plans include developing a paperless work-flow system and equipping the surveyors with hand-held devices enabling all site work and survey findings to be recorded electronically and uploaded directly into the Uniform system. The Building Control team is also working towards achievement of ISO 9001:2015 and LABC Quality Management System accreditation.

1.2 Conclusion

As a result of our audit testing, we have raised one 'medium' priority management action which is agreed by management. Our sample testing of applications received, which included Full Plans, Building Notices and Regularisation applications, found no significant exceptions from procedures.

Internal audit opinion:
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified risk are suitably designed, consistently applied and operating effectively.
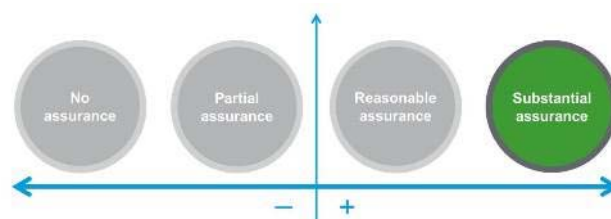
1.3 Key findings

The key findings from this review are as follows:

- The Council's Building Control services are provided in accordance with its statutory obligation and is publicised via the Council's public web-site and by the Nottinghamshire Local Authority Building Control (LABC) partnership. In addition, the Council produces brochures and guidance notes for residents and for contractors. The Council's Building Control staff attend construction trade seminars and exhibition's, in the local authority's area, to publicise the service.

- Policy and procedural guidance notes are available to all staff via the shared drive. In addition, all Building Control staff have access to a small reference 'library' that includes full printed versions of all sections of the Building Regulations and other, related textbook and reference books.

- Job descriptions and person specifications have been developed for all Building Control staff. These identify their key roles and responsibilities and specify the qualifications required by a Building Control Surveyor.

- Building Control Surveyors and support staff are appropriately trained and qualified and receive additional training as necessary to enable them to keep up to date with changes to Building Regulations.

- The Council's Fees and Charges are reviewed and updated tri-annually and are approved Portfolio Holder, prior to implementation. Building Control fees are set in accordance with Local Authority Building Control (LABC) guidelines and in accordance with the CIPFA guidelines, which prevent the Building Control service from generating a surplus of income over expenditure, over a rolling three-year period.

- All Applications for Building Control services are recorded on a standard application form, which records the key requirements of the task being requested. The same format is used regardless of the method used to complete the request, i.e. in person, on-line etc.

- A completed application form leads to a member of staff providing an estimate of the cost of the service requested. This quotation is sent to the applicant and must be accepted and any fees due, paid to the Council. Applications for Building Control services only become active when the invoice for the service has been paid by the Customer. A unique identity number is allocated to each application.

- All active applications are allocated to an appropriate surveyor for processing and are registered onto a progress control card. This is colour coded to identify the type of application and it records the date of receipt of validated application, summary of work required, target completion date (based on the statutory requirements for completing tasks) and allows space for the surveyor to record inspection visits, summarise findings and record actual completion date.

- Inspections are carried out in accordance with the statutory inspection requirements and the outcomes are clearly documented.

- All applications are assessed and formally approved in line with procedures. All Decision Notices and Completion Certificates are checked and can only be signed off, for issue to the Customer by an authorised signatory.

However, our testing identified one area where the established procedure was not being fully complied with; and, as a result, we have raised one 'medium' priority management action. This relates to:

- Our testing identified four customers, where the site inspection process has commenced prior to the Customer being invoiced for the inspection phase of their application.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Risk	Control design not effective*		Non-Compliance with controls*		Low	Agreed actions Medium	High
Are the correct fees and charges levied for services undertaken?	0	(12)	1	(12)	0	1	0
Total					**0**	**1**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Risk: Are the correct fees and charges levied for services undertaken?								
1	Payments are received and receipted in a timely manner and the correct fees are charged for the services provided.	Yes	No	We tested a sample of 20 current building control applications in progress in order to confirm that all applications are invoiced and are paid for by the customer, before the Council commits resources to processing the application. Our testing identified that in most cases, invoices are raised and are paid by the Customer, prior to building control works commencing. However, in two cases, involving Full Plans applications, we confirmed that the plans approval part had been invoiced and paid for: but then, the Inspection stage had been not been invoiced. In one case eight inspections had been completed and in the other, three inspections were	Medium	We will carry out an immediate review of all applications in progress and ensure that any applications that have not been invoiced, are brought up to date promptly.	31 July 2019	Service Manager - Development Services

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				completed but no invoices have been raised. The standard letter to customers "an invoice for inspection charges will be raised after you have commenced works on site". Our testing identified that this is not being complied with consistently across all applications. We selected a further sample of 20 applications, to ascertain if the problem with invoicing was more widespread than indicated in the first sample. From the second sample, we identified another two applications that have not been invoiced, even though some inspection work has been carried out. Combined, the test result suggest that inspection phases of Full Plans applications are not always being invoiced in accordance with the policy that states "an invoice for inspection charges will be raised after you have commenced works on site". Unless the inspection fees are invoiced promptly, there is a risk that the Council will suffer a short loss of income, with an adverse impact on cashflow as resource costs are incurred prior to the customer being invoiced. There is also the risk that the customer may think that they have avoided being charged and consider it unnecessary to inform the Council, when further inspections are due.				

FOLLOW UP 1- EXECUTIVE SUMMARY

1.1 Introduction

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

- 4.18/19 Community Centres;
- 6.18/19 Follow Up 1;
- 10.18/19 NNDR;
- 11.18/19 Health and Safety;
- 12.18/19 Grounds Maintenance, Parks and Open Spaces;
- 13.18/19 Landlord Licensing;
- 14.18/19 Development Management;
- 15.18/19 Follow Up 2; and
- 20.18/19 Contracts and Procurement.

The 25 management actions considered in this review comprised of nine 'Medium' and 16 'Low'. Concentrating on the actions classified as medium' the focus of this review was to provide assurance that all actions previously made have been adequately implemented. For actions categorised as 'low', we have accepted management's assurance regarding their implementation.

1.2 Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Gedling Borough Council has demonstrated **good progress** in implementing agreed management actions.

We have reiterated management actions where these have not yet been implemented. In addition, we have made new management actions where appropriate; these are detailed in section 2 of this report.

1.3 Action tracking

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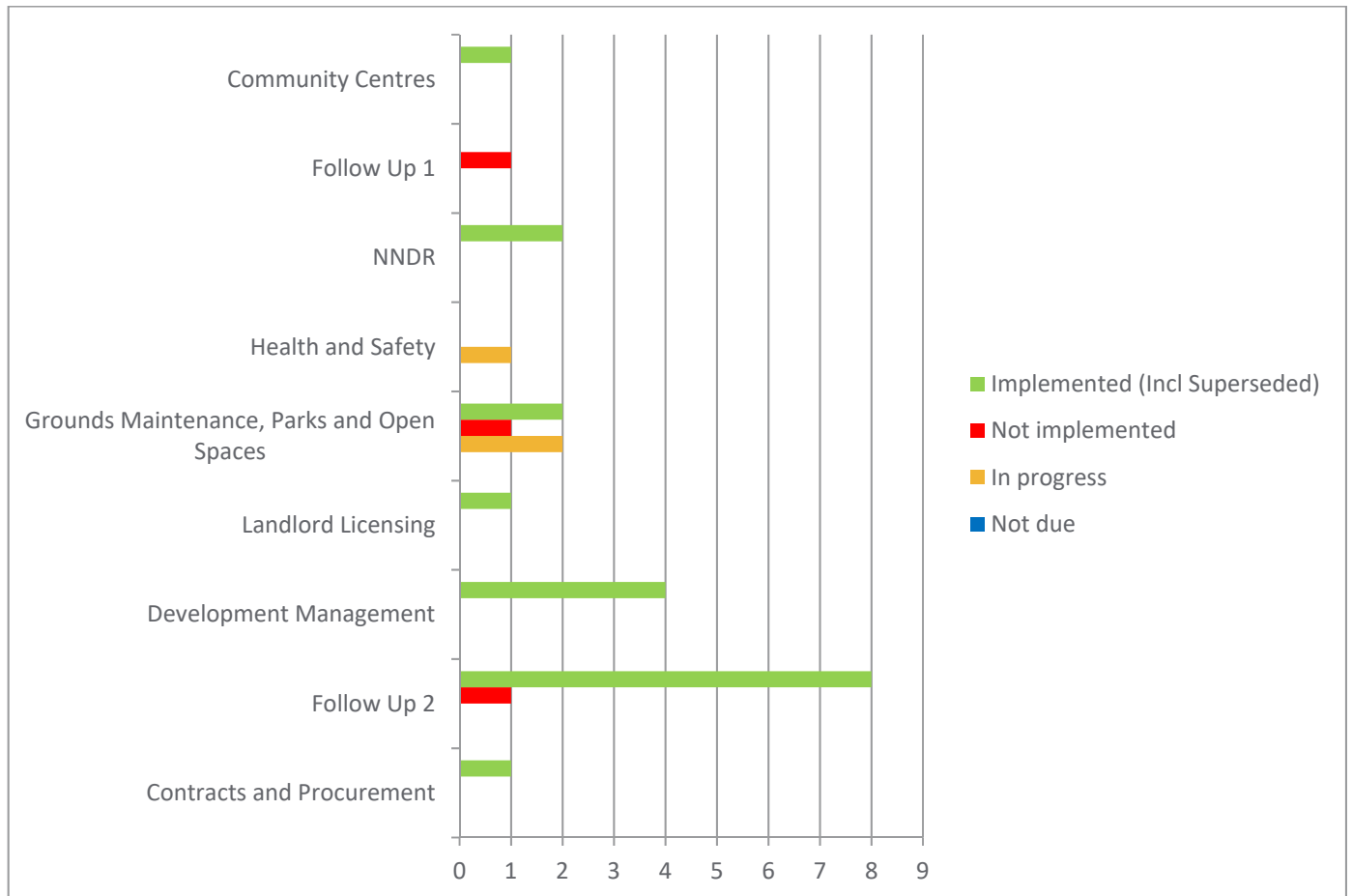
1.4 Progress on actions

Implementation status by review	Number of actions agreed	Status of management actions					
		Implemented	Implementation ongoing	Not implemented	Superseded	Not yet due	Confirmed as completed or no longer necessary
4.18/19 Community Centres	1	1	0	0	0	0	1
6.18/19 Follow Up 1	1	0	0	1	0	0	0
10.18/19 NNDR	2	2	0	0	0	0	2
11.18/19 Health and Safety	1	0	1	0	0	0	0
12.18/19 Grounds Maintenance, Parks and Open Spaces	5	2	2	1	0	0	2
13.18/19 Landlord Licensing	1	1	0	0	0	0	1
14.18/19 Development Management	4	3	0	0	1	0	4
15.18/19 Follow Up 2	9	8	0	1	0	0	8
20.18/19 Contracts and Procurement.	1	1	0	0	0	0	1

Implementation status by management action priority	Number of actions agreed	Status of management actions					
		Implemented	Implementation ongoing	Not implemented	Superseded	Not yet due	Confirmed as completed or no longer necessary
Low	16	12	1	2	1	0	13
Medium	9	6	2	1	0	0	6
Totals	25	18	3	3	1	0	19

2   FINDINGS AND MANAGEMENT ACTIONS

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

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

Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
2	**11.18/19 Health and Safety** All staff will be reminded of the process to ensure health and safety awareness training is attended by new starters and the forms to be returned to the Health, Safety and Emergency Planning Officer.	31 March 2019	Medium	All Service Managers and Line Managers have been reminded of the importance of ensuring that all new starters have attended health and safety awareness training appropriate to their role. A separate exercise was carried out to understand why the new starter attendance forms were not being returned to the Health, Safety and Emergency Planning Officer. A total of 243 new starters, joining the Council after 1 April 2018 were checked; this identified that the missing training attendance forms were being passed to HR, along with the completed induction record. These forms have since been	2	We will put in place an e-learning portal, which all staff will be required to access and complete all of the training requirements necessary for their job-role.	Medium	30 June 2020	Health, Safety and Emergency Planning Officer

Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
				returned to the Health, Safety and Emergency Planning Officer and the training matrix has been updated, to reflect the training attended. The next step is to transfer the mandatory Health and Safety Induction training modules onto an on-line e-learning portal. Once on-line, completion of the training will be monitored and reported electronically and any staff not attending training or exceeding expiry dates of previous training, will be highlighted and followed up.					
3	**12.18/19 Grounds Maintenance, Parks and Open Spaces** We will ensure that the Council's Green Space Strategy is reviewed and updated, to provide a medium-term strategy for the development and improvement of parks and open spaces for the benefit of the whole of the Borough.	30 June 2019	Medium	It has not been possible to make any progress towards implementation of this management action because of a lack of officer resources. This task is included in the Service Plan for completion during financial year 2019/20.	3	We will ensure that the Council's Green Space Strategy is reviewed and updated, to provide a medium-term strategy for the development and improvement of parks and open spaces for the benefit of the whole of the Borough.	Medium	31 March 2020	Service Manager - Parks and Street Care
4	**12.18/19 Grounds Maintenance, Parks and Open Spaces** We will commence a park by park survey of all trees to identify their value in	30 June 2019	Medium	We have negotiated an increase in staff establishment, jointly with Planning and Development Services and have now received authority to recruit. A job description and person	2	We will commence a park by park and open spaces survey of all tress as soon as we have completed the	Medium	31 March 2020	Service Manager - Parks and Street Care

Ref	Management action	Original date	Original priority	Audit finding	Current status	Updated management action	Priority issued	Revised date	Owner responsible
	bio-diversity terms, their current condition and create an action plan for their ongoing maintenance.			specification is in process of being drawn up. Once completed, the post will be advertised.		appointment of a Green Space Asset Manager.			

CORPORATE GOVERNANCE - EXECUTIVE SUMMARY

1.1 Background

A review of Corporate Governance was undertaken at Gedling Borough Council as part of the approved internal audit periodic plan for 2019/20.

Gedling Borough Council (the Council) has adopted a Local Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA (Chartered Institute of Public Finance) and SOLACE (Society of Local Authority Chief Executives) Framework for Corporate Governance in Local Government - a Keystone to Community Governance.

This Code is the framework within which the Council is accountable to its users, stakeholders and the wider community. It sets out and describes the way in which the Council carries out its functions through its members and officers, and the procedures and processes through which is undertakes its work, and through which it aims to establish and maintain public confidence.

The Council's Local Code of Corporate Governance sets out seven core principles for good governance:

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

B. *Ensuring openness and comprehensive stakeholder engagement;*

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; and*

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

The focus of this audit has been on 'Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law'. The Council expects members and staff to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability when carrying out their duties.

1.2 Conclusion

This review has confirmed that the Council has in place adequate controls for Corporate Governance – compliance with Core Principle A of the Local Code of Corporate Governance, however, improvements have been identified from which we have agreed with management and raised one 'medium' and three 'low' priority management actions along with an additional finding (see section 1.5). Further details are provided in section 2 of this report.

Internal audit opinion:
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.
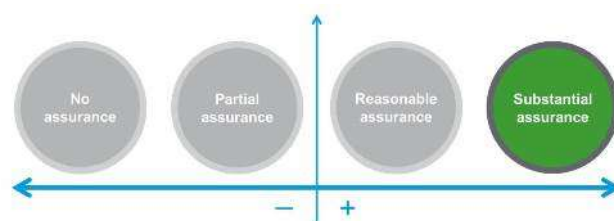
1.3 Key findings

The key findings from this review are as follows:

- A review of the Council's Constitution established that the Members' Code of Conduct is included in the Part five of the Constitution - Codes and Protocols;

- Part five of the Constitution - Codes and Protocols also includes guidance on Protocol on Member / Officer relations. The purpose of this protocol is to assist officers and Members in understanding their respective roles and to create a working relationship which enhances the provision of services to the borough, access to information, access to officers and monitoring;

- A review of the Employee Handbook established that Section two, Appendix two includes the Code of Conduct for staff;

- A review of the Standards Committee papers and minutes established that the Gifts and Hospitality Code of Practice for Members and Officers was updated in 2018 and was reviewed and approved by the Standards Committee at the 21 February 2019 meeting and was referred to Joint Consultative and Safety Committee and Appointments and Conditions of Service Committee for formal approval;

- Members of Gedling Borough Council were provided with induction training following the election in May 2019. This training also included Code of Conduct training which was delivered by the Monitoring Officer and Deputy Monitoring Officer on 16 May 2019. Following the training a copy of the slides and examples of breaches of the Code of Conduct were also distributed to the Members who had chosen not to attend the training;

- For a sample of 20 Council Members, testing confirmed that during the period 2018 and 2019: 12 Members did not make any declarations at the meetings; and eight Members had made declarations of interests at the meetings, and these were recorded on the Members webpage on the Council's website;

- The Council has a dedicated budget for Member training of £2,000. This is for any additional external training / attendance at conferences. At the time of the audit £285 had been spent on training;

- The Council has a Modern Slavery and Human Trafficking Transparency Statement and Modern Slavery Policy in place, and this was approved by the Cabinet at the 28 June 2018 meeting;

- A formal self-assessment exercise on compliance with the Local Code of Corporate Governance is not undertaken, however aspects of the Local Code are assessed and reported on individually to the Senior Leadership Team, Cabinet, Council and Committees for example: Register of Gifts and Hospitality and breaches / complaints of Code of Conduct are reported to each Standards Committee meeting; and Declarations of Interests are recorded at each meeting. In addition, all service areas are required to sign an annual statement to confirm compliance. These statements are collated to support the Council's annual statement of compliance;

- Interviews were held with nine Service Managers to assess compliance and understanding of the Code and Governance. The discussions were focused on the actions to demonstrate good governance as stated in the Local Code of Corporate Governance 2019/20 - Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law. On discussion, all nine Service Managers:

    - Were found to have an understanding of the Code and confirmed that integrity and ethics were important, gave examples of how integrity was embedded within their service area;

    - Were found to have knowledge of the procurement rules and explained how their contractors were required to act with integrity and in compliance with the ethical standards expected by the Council;

    - Were able to explain how breaches of legal and regulatory nature are dealt with and provided examples of any in their area if any;

    - Were able to explain the PDR process and how staff are required to demonstrate their compliance with the values; and

    - Were able to give examples of how Core Principle A was being complied with by the service area.

- The importance of good governance and the Gedling Code of Corporate Governance Core Principal A was discussed with the Leader of the Council and Opposition Leader (Leaders):

  - The Leaders confirmed that the Members are committed to the key principles of good governance and promotes a culture of behaviour based on shared values, high ethical principles and good conduct; and

  - There is the Constitution, Members Code of Conduct and Local Code of Corporate Governance to provide guidance to Members. Where any issues or noncompliance are identified, these are reported to the Monitoring Officer and are investigated and reported to the Standards Committee. Dependent on nature of non-compliance the relevant member may also be reported to the party whip.

However, improvements were identified and as a result we have agreed one 'medium' and three 'low' category management actions, and these relates to:

- The Council's Local Code of Corporate Governance was communicated to Senior Leadership Team Service Managers for communicated to all the staff on 20 March 2019, however the Code has not been made available to the staff on the Council's intranet;

- On discussion with nine Service Managers, the Leader of the Council and the Opposition Leader it was established that refresher training on the code of conduct is not being provided. Members of staff who have contact with Members are not provided with training on the Members Code of Conduct;

- A Register of Interests for all staff is not in place at the Council; and

- It could not be confirmed if authors of reports (made the Council, Cabinet or Committees) had considered the financial and legal implications of the subject matter as they were not recorded on the reports.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*	Non-Compliance with controls*	Agreed management actions		
			Low	Medium	High
Local Code of Corporate Governance	0 (1)	1 (1)	1	0	0
Core Principle A - Compliance	1 (18)	2 (18)	2	1	0
Total			**3**	**1**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

1.5 Other Findings – Procurement

In relation to demonstrating strong commitment to ethical values in procurement, the Council has identified the following action to demonstrate good governance:

"*Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation*" .

On discussion, all nine service managers were found to have knowledge of the procurement rules and explained how their contractors were required to act with integrity and in compliance with the ethical standards expected by the Council.

2   DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Area: Core Principle A - Compliance								
3	Missing Control A Register of Interests is maintained for all staff.	No	-	Declaration of interests are completed annually by staff working within Council Tax. It was also noted that upon appointment and then on an annual basis, a limited number of Officers, (Senior Leadership Team and Service Managers) are required to submit a related party declaration. There is an increased risk of fraud occurring and conflicts of interest arising. This point was raised within our Strategic Fraud Risk Assessment Advisory Report that was issued in July 2019 and was confirmed that progress to implement the point was ongoing. To ensure the point can be monitored through our follow up audits it has been raised as part of this audit report.	Medium	a) The Council will put into place a system for declarations of interests to be completed by all staff initially and going forward by all new staff on appointment. b) All members of staff who have responsibilities for ordering goods and service will be required to confirm their interests annually. c) Monitoring will be undertaken to ensure that a current	30 April 2020	Director of Organisational Development and Democratic Services

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
						declarations of interests is in place.		

DEBTORS AND DEBT RECOVERY - EXECUTIVE SUMMARY

1.1 Background

As part of the approved internal audit periodic plan for 2019/20 an audit of Debtors and Debt Recovery was undertaken.

The Revenues Department is managed by the Service Manager Revenues with day to day activities being overseen by the Revenues Manager and the Team Leaders. The debtor's functions are undertaken on the Civica System with individual departments being able to raise their own invoices. Additionally, the Revenues Department can also raise invoices upon request. Email requests are sent to the Revenues Department by individual departments for the creation of new debtors within the Civica System.

Debt collection is undertaken by the Revenues Department based on set procedural guidelines. Where all in-house options for recovering the debt have been exhausted, the Council will utilise one if its contracted debt collection agencies or pursue legal action via the Legal Department.

Debts are only written off where they are irrecoverable due to all lines of recovery being exhausted or if the values are deemed to be uneconomical to recover.

1.2 Conclusion

There is an appropriate control framework in place for governing of Debtors across the Council. Our work confirmed that there are adequate controls in place, however testing identified that the controls are not always consistently applied. An area of improvement has been noted which has resulted in the agreement of one 'Medium' priority management action.

Internal audit opinion:
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified area are suitably designed, consistently applied and operating effectively.
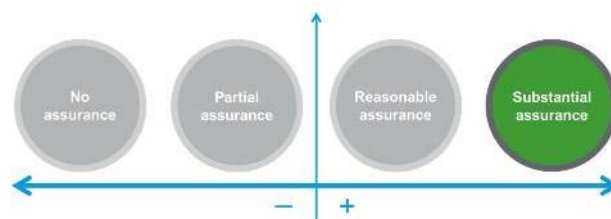
1.3 Key findings

The key findings from this review are as follows:

- The Council's Financial Regulations are documented within the Constitution which outline debt management and credit control responsibilities. The Constitution was last updated on 22 March 2019.

- The Council has a Sundry Debtor Administration Policy in place which was last reviewed in January 2019. The Policy sets out the process to ensure that invoices are correctly raised, cash is receipted correctly, and outstanding debts are effectively recovered to ensure debtors are accurately and completely stated.

- A Recovery Flow Chart is in place which details the various debtor recovery stages and the correct pathways to follow when chasing arrears. Additionally, procedural guidance is in place for pre-action protocol.

- Access to the Debtors Module within the Civica System is limited to current members of staff in line with their job roles and responsibilities.

- A formal procedure for bad debt write offs is documented within the Financial Regulations. This details staff authority to write off outstanding amounts and values that can be written off dependent on their roles and responsibilities.

- Bad debts are written off once all recovery channels have been exhausted or the amounts are deemed to be uneconomical to recover. A write off request form is completed by relevant staff which details the reason as to why a write off is required. Bad debt write-offs are approved by the Deputy Chief Executive and Finance Director and written off the Civica System in a timely manner. There are clear segregation of duties in the write off process.

- Monthly reconciliations are completed for all debtor payments and refunds. Reconciliations are completed by the Senior Clerical Assistant in a timely manner and reviewed by the Revenues Team Leader.

- Review of the Debtor Reconciliations completed between the Agresso Finance System and Civica Debtors System identified two instances (April 2019 and May 2019) where the reconciliations had not been prepared and reviewed in a timely manner following month-end. However, this was raised as an action in the previous Follow Up 2 report issued in May 2019 with an implementation date of 31 July 2019 and as the June 2019 and July 2019 reconciliations were noted as being processed and approved appropriately an action on this has not been raised within this report.

- The Revenues Department uses a Debt Collection Agency to recover outstanding amounts on behalf of the Council. The Council only attempts to retrieve bad debt through the use of the Debt Collection Agency when it is economical to do so. Through review it was confirmed that a signed agreement is in place between the Council and the debt collection agency. The agreement was entered into on 1 August 2019.

- All Council departments are able to raise their own sales invoices within the Civica System . Alternatively, invoice requests can be submitted to the Revenues Department for invoices to be raised.

- Where new debtor accounts need to be setup, requests are sent to the Revenues Department who will then setup new accounts on the Civica system.

However, the following control weakness was identified:

- Testing a sample of 20 aged debts identified two instances where debts had not been managed and escalated in a timely manner in line with policy requirements. One delay of 18 months within the Final Reminder Stage and another delay of four months within the Letter Before Action Stage was noted where the debt had not been escalated to a further recovery stage.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed management actions		
					Low	Medium	High
Debtors and Debt Recovery	0	(13)	1	(13)	0	1	0
Total					**0**	**1**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Area: Debtors and Debt Recovery								
1	All invoices have a payment term of 30 days, once this has expired a weekly report identifies all invoices overdue and the system automatically creates a reminder. If invoices are still not paid, a report will identify these accounts and automatically create a final reminder. A decision is then made by the Revenues Department to pursue through legal action or	Yes	No	A sample of 20 aged debts across a variety of recovery stages such as First Reminder, Final Reminder, Letter Before Action and Collection Agent Instruction were selected and tested from the current Aged Debtor Report. In 18 cases it was confirmed that the debt had been chased and actioned in line with policy requirements. Timely escalation between recovery stages was noted for the 18 cases. However, one instance was noted where a debt of £399.60 had not been progressed for a period of 18 months since reaching the Final Reminder Stage of the recovery process.	Medium	We will ensure that all debts are managed and escalated in a timely manner in line with policy requirements.	30 November 2019	Service Manager - Revenues and Welfare Support

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	instruct the debt collection agency.			A further instance was also noted where a debt of £395.00 had not been progressed for a period of four months since reaching the Letter Before Action Stage of the recovery process. If debts are not managed and escalated in a timely manner in line with policy requirements, there is a risk of financial loss to the Council due to failure to retrieve outstanding amounts.				

CASH AND BANKING - EXECUTIVE SUMMARY

1.1 Background

An audit of Cash and Banking was undertaken at Gedling Borough Council (the Council) as part of the approved internal audit periodic plan for 2019/20.

This review covered the Council operations that involve income collection and banking processes for the areas of: Cash Office and Kiosk, Flea Market, Pet Cremation Services and Cemeteries. The income received during July 2019 was tested across these Departments. Reconciliations undertaken by the Finance Department were also reviewed.

For the **Cash Office and Kiosk,** all income received within the post, Kiosk or into the Cash Office is included on a daily cash up sheet and cheques are logged onto the Income Management System. Bankings are collected three times a week from the main Council Offices by Security Plus.

For the **Flea Market,** stalls are charged at £12 per stall with a maximum of 24 stalls per market and are payable in cash in person at the market. Manual receipts are issued, and the money is passed to the Warden who deposits the cash the following morning into the Kiosk.

For **Pet Cremation**, payments are taken in advance and typically via pay.net (telephone payments) or are invoiced and therefore no cash or cheques would be received. However, some instances customers will pay cash or cheque and they are encouraged to pay this directly into the Kiosk or Cash Office at the main Council Offices.

For **Cemeteries,** payments are typically taken via cheque or pay.net. Where cheque payments are taken, these are held securely in the Cemeteries Office and when required, are receipted and banked via the Kiosk or Cash Office.

1.2 Conclusion

There is an appropriate control framework in place for managing Cash and Banking across the Council departments reviewed. Our work confirmed that there are adequate controls in place which are operating effectively, however, testing identified two controls for the Flea Market that are not always consistently applied or could be improved. As such, one 'medium' and one 'low' priority management actions have been agreed.

Internal audit opinion:
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.
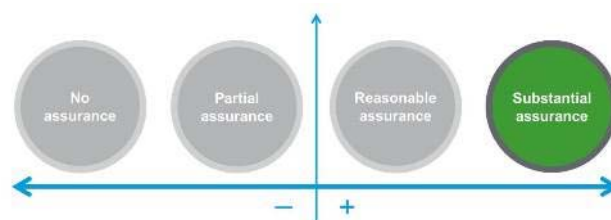
1.3 Key findings

The key findings from this review are as follows:

- The Council has Financial Procedure Rules in place which define roles and responsibilities for cash, income collection and recording and banking.

- Procedure notes are in place for use by Customer Services staff when compiling and cashing up income received across the Council. Additionally, procedure notes are also held by the other departments who collect payment and use the Kiosk, Cash Office or pay.net to post the cash or cheques.

- The Council uses pay.net for processing payments taken via telephone and have an Income Management System for recording income such as cheques. Access to pay.net is appropriate to user requirements, and when staff leave the Council, their access is disabled in a timely manner.

- The Council has a current insurance policy in place to insure cash held on the premises. The value of cash stored in the safe does not exceed the insured value. Through review of July 2019 income, it was confirmed in no instances was the safe insurance value exceeded or cash in transit amount carrying income from the Flea Market.

- Cash and cheque income received throughout the Council is held in secure locations prior to being collected by the Council's banking courier Security Plus.

- The Council has an agreement in place with Security Plus Limited for Cash Collection and Cash and Valuables in Transit (CVIT) services. Cash and Cheque income is collected from Customer Services which includes the amounts from both the Kiosk and Cash Office. For all collections in July 2019, it was confirmed a receipt was issued and signed by the Security Plus driver and a member of Customer Services.

- Cash and cheques held by Customer Services for banking are stored and transferred to the security firm safely and securely. All income banked by Customer Services for July 2019 appeared in the Council's Bank Account within a timely manner.

- Income is allocated to the correct customer account based on the reference number quoted by the customer during the payment process. Testing for each department in July 2019 confirmed in all instances the amounts had been correctly allocated to the customer account or correct fund codes.

- Income received directly into the bank account is allocated based on the reference number and other details provided with the payment.

- Segregation of duties is embedded into cash collection, receipting and banking processes to provide independent checks and sight of cash. This was confirmed throughout the audit and a live walkthrough was also undertaken of the main Kiosk and Cash Office daily cash up processes.

- Finance undertake daily bank reconciliations, reviewing the daily amounts counted and collected to the bank statements to confirm all expected income has been banked in full.

- A month end bank reconciliation is prepared to reconcile the income as per the bank account to the income as per the finance system. Testing of the last four months confirmed the reconciliation had been completed and reviewed independently, in a timely manner and the balances reconciled with no discrepancies.

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

Flea Market

- Testing of the Flea Market cash received in July 2019 identified three unclear receipts, one receipt not issued, and one licence agreement not maintained on file. As such, the total value of receipts issued did not always reconcile to the daily takings banked.

- After each Flea Market, the Property Surveyor completed a reconciliation between the number of stalls, daily takings and amount posted to the Kiosk, however, this process would not identify errors in issuing receipts. As such, this process could be enhanced to also reconcile to value of receipts to identify missing or unissued receipts in a timely manner.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non-Compliance with controls*		Agreed Management Actions		
					Low	Medium	High
Cash and Banking	0	(13)	2	(13)	1	1	0
Total					**1**	**1**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
1	Receipts are issued and retained for all cash received in order to provide a record of the correct payment being received.	Yes	No	**Flea Market** Flea Market fees are £12 per stall and are collected in cash in person on the day of the Market. The cash is brought to the Council Offices where it is processed through the Kiosk by the Customer Services Team. Review of a Kiosk report confirms that the cash collected from the July 2019 Flea Markets was paid into the Kiosk the following day. Testing the month of July 2019 established that a total of 83 stalls had been utilised across five Market days. Testing of the 83 confirmed:	Medium	Market staff will be reminded to issue receipts to every stall holder with their name and stall number clearly recorded.	30 September 2019	Property Surveyor

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				• One instance a receipt had not been issued; • Three receipts were not titled clearly with a different name present to the register / licence agreements; and • One instance where no licence agreement was in place for the stall holder. In the remaining instances, a receipt was issued for the correct value of £12, the receipt could be traced to the register or licence agreement for that days Market and a signed licence agreement was maintained on file. There is a risk that a full audit trail of cash receipted and the stall holder attributable is not present due to unclear or unissued receipts leading to a lack of traceability if cash went missing.				

MAIN ACCOUNTING SYSTEM - EXECUTIVE SUMMARY

1.1 Background

An audit of Main Accounting System was undertaken Gedling Borough Council ('the Council') as part of the approved internal audit periodic plan for 2019/20. The prime objective of our audit was to provide assurance that financial activity is promptly and accurately recorded in the accounting records of the Council and provide assurance for the controls in place for the General Ledger.

The General Fund budget totalling £11,676,000 was approved by the Council in March 2019 and Cabinet in February 2019. The budget is controlled and monitored through the Council' Main Accounting System, Agresso. Agresso is used for all aspects of the General Ledger including processing journals and virements.

The key roles and responsibilities of the Accounting and Finance Department relating to the main accounting systems include:

- Setting, uploading and monitoring the annual budget and ensuring that it is reviewed and approved by the full Council;

- Ensuring the previous year's closing balances are accurately uploaded into the current year;

- Maintaining the Chart of Accounts up to date throughout the year including any additions or removals;

- Adding and removing users to the Agresso system; and

- Processing day to day journals and virements.

1.2 Conclusion

Our overall opinion was formed by undertaking interviews with key staff and sample testing on the processes in place to ensure that the controls upon which the Council relies on to manage the Main Accounting System are being managed. Our review has confirmed that there is an adequate control framework in place, however, we have identified two areas of non-adherence to controls. As such, a total of two management actions were agreed, consisting of one 'medium' and one 'low' priority actions.

Internal audit opinion:
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified areas are suitably designed, consistently applied and operating effectively.
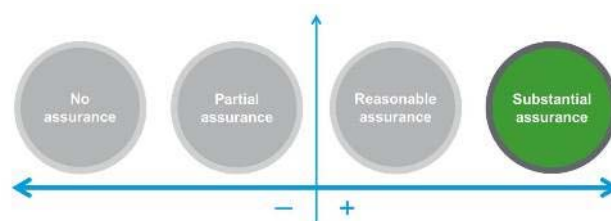
1.3 Key findings

The key findings from this review are as follows:

- Financial Regulations are in place and up to date which detail general ledger responsibilities. These are available to staff via the intranet and the Council's website. These were last reviewed and approved in March 2019.

- Procedures for managing the general ledger are in place and are available to all staff with general ledger responsibilities. Procedures cover main accounting functions such as posting journals, carrying forward closing balances from the prior year and uploading budgets. It was confirmed procedure notes were up to date and reflective of current working practices.

- Access to the finance system (Agresso) is restricted to authorised staff. Staff are given access to Agresso by the System Administrator. Starters and leavers are added and removed upon notification from the IT Helpdesk, this is then checked by an additional member of staff for accuracy. Testing a sample of two starters and 18 leavers confirmed these were conducted promptly and accurately.

- Staff within Finance with the relevant responsibilities are able to make changes to the General Ledger and users are set up with access rights related to their job role and responsibilities. Testing a sample of 10 users with 'super' admin rights confirmed all were current employees with a business need for this level.

- The correct closing balances are brought forward to the general ledger accounts following the year end. A reconciliation is then performed to ensure the roll forward has been completed accurately. This was tested for the 2018/19 audited accounts to the 2019/20 opening balances.

- Budgets are input into the general ledger by the Senior Assistant Finance Business Partner for each new financial year once approved by the Council. It was confirmed through testing that the 2019/20 budget had been uploaded accurately.

- A Chart of Accounts detailing all accounts held in the accounting system is maintained. This chart is available to all staff with general ledger responsibilities.

- Requests to amend the Chart of Accounts such as new account codes are authorised by the uploader and checked independently by an additional member of Finance for accuracy. For the nine amendments/additions during the current financial year, it was confirmed through testing these were conducted timely, accurately and were reviewed independently.

- A Records Retention and Disposal Policy is in place detailing time periods for retention and disposal of financial documentation.

- Quarterly Budget Monitoring Virement Reports produced and reported to Cabinet for approval showing the Council's current progress against budget and any variances are explained. A Monthly SLT Budget Monitoring Reports has been drafted and presented to SLT in September 2019 to ascertain if this is a new process to introduce permanently.

However, the following non-adherence to controls were identified:

- Testing of a sample of 20 journals identified one instance where journal authorisation documentation could not be found, two instances where journals were not independently reviewed and approved, two instances where we were unable to confirm whether journals had been reviewed in a timely manner and one journal was not approved in a timely manner due.

- Testing a sample of 20 virements identified four instances where the virement was processed prior to full authorisation and one instance where it could not be confirmed authorisation was prior to the processing of the virement.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non-Compliance with controls*		Agreed Management Actions		
					Low	Medium	High
Main Accounting System	0	(12)	2	(12)	1	1	0
Total					**1**	**1**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2   DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
2	Virements are completed following sign off from the preparer and the Corporate Director/Service Manager. For virements for budgeted contribution to/from a reserve, the Chief Financial Officer is responsible for the final authorisation. For internal non-reportable virements, the final authorisation can be carried out by	Yes	No	Testing a sample of 20 virements including virements for budgeted contribution to/from a reserve and internal non-reportable virements. It was confirmed that virement sign off documents were completed for each virement which documented the reason, value and accounts to transfer to and from. In all instances the three required signatures for preparation and approval were obtained and these were from authorised members of staff in line with procedure. However, in four instances it was identified the final approval signature	Medium	Prior to processing any virements on Agresso, the virement documentation will be authorised by two authorised members of staff.	30 November 2019	Senior Assistant Finance Business Partner and Principal Finance Business Partner

APPRENTICESHIP LEVY - EXECUTIVE SUMMARY

1.1 Background

As part of the agreed internal audit plan for 2019/20; we carried out an audit of the Council's arrangements for managing and utilising the Apprenticeship Levy and for delivering training for both internal and external apprentices.

The Council is included on the Education and Skills Funding Agency's Register of Apprenticeship Training Providers (RoATP) as an Employer Provider and has an internal training function. It has developed an apprenticeship training programme which currently trains apprentices employed by the Council, and by Rushcliffe Borough Council. To date, the Council has processed two cohorts of apprentices and offers apprenticeship programmes including Level 3 Business Administration; Level 3 Team Leader and Level 3 Professional Operational Delivery.

The government has set a target for the public sector to recruit and train apprentices. This is set at 2.3% of head count, per year and for the Council, amounts to approximately 12 apprentices each year. At present, the Council is achieving this target but longer term, the implication is that a new cohort of apprentices must be recruited each year.

As an employer provider, the Council is able to identify a number of suitable candidates from its own labour force recruitment and development plans. By training its own apprentices, the Council can draw the funding for this training from its own Apprentice Levy contributions, ensuring that to a large extent, the training of its apprentices is funded from its own contributions into the Apprenticeship Levy.

1.2 Conclusion

As a result of our audit testing; we have identified one 'medium' priority management action, which is agreed by management. Our sample testing of apprentices confirmed that only eligible, employed apprentices are recruited and the data collection and document retention requirements, specified by the Education and Skills Funding Agency; are being complied with, with no significant exceptions from procedures.

Internal audit opinion:
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified areas are suitably designed, consistently applied and operating effectively.
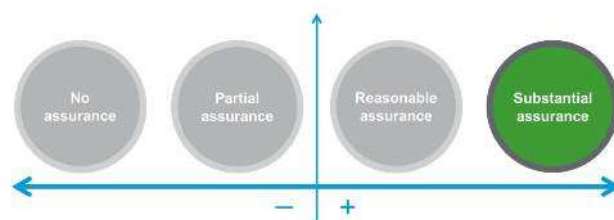
1.3 Key findings

The key findings from this review are as follows:

- The Council has entered into a contract with the ESFA and the Apprenticeship Agreement for Employer Providers is signed by both parties and is maintained up to date. All contracts are uploaded onto the ESFA Apprenticeships web-site and can be viewed as necessary.

- The Council has a single, consolidated Digital Account. This holds its levy funds, ESFA contracts and includes an Apprentices section, where the Council is able to manage its cohort of Apprentices. Access is restricted by password to nominated staff in the Council's Learning and Development Team.

- We confirmed that the Council only operates one payroll and that this is linked through the RTI system to HMRC and that all transactions are recorded in the Council's digital account.

- The balance held in the digital levy account is reconciled at least monthly to provide assurance that contributions via payroll are received accurately and timely; and that payments made from the account are valid.

- The Council has entered into an agreement with Rushcliffe Borough Council (RBC) which enables it to train apprentices nominated by RBC. The agreement also requires RBC to the transfer the agreed costs of delivering the training. The agreed instalments are set up by RBC in their digital account and only these instalments can be physically paid over to Gedling Borough Council.

- Detailed costings have been completed and are retained on file, which confirm how the total cost of the apprenticeship has been determined. A check is carried out to ensure that no in-eligible costs or a profit element are included in the costing and the total cost of the apprenticeship is recorded in the apprentices ILR and in the Council's digital account.

- The Education and Skills Funding Agency (ESFA) requires all training providers to produce an annual self-assessment of the quality of teaching and learning delivered and of the management and governance arrangements in place regarding the training centre and the provision delivered. We confirmed that the self-assessment is reviewed and updated annually and that its format follows the ESFA template.

- Periodic management information reports are produced for Senior Leadership Team (SLT). These report on apprentice recruitment, retention and progress towards completion for each of the apprentices. In addition, the SLT are involved in the identification of job roles that are suitable for apprentices to be recruited to and are also involved in the identification and nomination of existing employees whose career could be developed it they were to become an apprentice.

- The government's public sector target for delivery of apprenticeship starts within each organisation is 2.3% of employee head-count per year. Currently, at Gedling Borough Council, this equates to 12 apprenticeships for the Council. At present, the Council is training two intakes of apprentices, totalling 21 apprentices. These comprise 18 GBC employees and 3 apprentices being trained on behalf of Rushcliffe Borough Council. By recruiting 18 apprentices, from its own head-count, GBC has exceeded its target by 6 apprentices.

- A formal Apprenticeship Agreement and a signed Commitment Statement is in place between the Council and each of its Apprentices. These are signed and dated by both employer and apprentice and clearly identifies apprenticeship start and end dates.

- The Council has access to the Employer Provider rules issued by the ESFA and ensures that only eligible individuals are enrolled onto appropriate apprenticeships.

- All new apprentices are subject to a skills scan, which tests their current levels of knowledge in order to confirm their current level of educational ability and determine the next level of learning that their apprenticeship needs to deliver.

- Evidence is retained on file to confirm that the apprentice has either already achieved a level 2 English and Maths qualification and copies of original certificates are retained.

- Evidence is retained within the Skillsure system to confirm how the 20% off the job training requirement has been quantified and there is a plan in place which clearly demonstrates how the off the job training is to be delivered and monitored. The actual off the job training is recorded in Skillsure and these records are maintained up to date.

- We confirmed that an End Point Assessment Organisation (EPAO) has been appointed for each apprentice. Our testing also confirmed that the costs of the End Point Assessment (EPA) have been agreed with the EPAO and are entered in the ILR and are recorded in the digital account. We identified that the Council has an agreement with City & Guilds for it to carry out EPA's for the current range of apprenticeships.

However, we identified the following control weakness and as a result; have raised one 'medium' priority management action, which is agreed by management. This relates to: -

- The Council currently expects its apprenticeships to be completed in 15 months and this is reflected in the start and end dates recorded in the ILR and in the Apprenticeship agreement. We found that all the apprentices tested had a planned end date of either 28th February 2019 or 30th April 2019. However, at the time of audit, none of these apprentices have completed their apprenticeships. To have not completed, some six months after the expected end date, implies either that the planned duration of the apprenticeship is not realistic or that apprentices are not making the expected progress through their learning. The ESFA expects apprenticeship start and end dates to realistically reflect the time taken to deliver the required training. Once an apprenticeship passes its planned end date, no further funding can be claimed except for the completion payment, payable only after successful completion of the apprenticeship and the EPA.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non-Compliance with controls*		Agreed actions		
					Low	Medium	High
Apprenticeship Recruitment	0	(11)	0	(11)	0	0	0
Funding Rule Compliance.	0	(6)	1	(6)	0	1	0
Total					**0**	**1**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2   DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Area: Funding Rule Compliance.								
1	Apprenticeship completions are only processed where appropriate evidence is available which confirms that the 20% off the job training has been reached and the minimum duration has been met.	Yes	No	We tested a sample of six current apprentices and identified that although none of the apprentices sampled had completed their training and therefore, had not been processed through the completion process, four of those sampled passed their expected end dates, (28th February 2019 or 30th April 2019). We confirmed that no funding had been claimed after the expected end date but noted that these apprentices were still receiving support and training, at a cost to the Council, that was no longer covered by the apprenticeship income. There are numerous reasons for an apprentice requiring additional time and support before their	Medium	We will review the durations set for the completion of our apprenticeships; to ensure that they are realistic. We will also remind line managers of apprentices, of their responsibility to release apprentices for training in accordance with the agreed training plan and to co-operate and support their apprentices to complete their training within the specified time limits.	30 November 2019	Service Manager - Organisational Development

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				apprenticeship is completed: however, the ESFA expects a realistic, accurate date to be set for the completion of an apprenticeship and for providers to deliver the apprenticeship as close as possible to the agreed end date. If apprenticeships regularly exceed their expected end date, there are risks including: that the end date set is unrealistic; delivery of the training is inefficient; apprentices are not being allowed the necessary time to complete their training and awarding bodies raise concerns regarding the delivery of the apprenticeship. There is also the risk that the recruitment and training of the next cohort of apprentices is delayed because training resources continue to be committed to apprentices, who in theory, should already have completed. Of the remaining apprentices sampled; one had been paused and the other has withdrawn. Our testing confirmed that the last date of learning delivery has been accurately recorded in the ILR.				

HOUSING BENEFITS, UNIVERSAL CREDIT AND COUNCIL TAX REDUCTION SCHEME - EXECUTIVE SUMMARY

1.1 Background

An audit of Housing Benefits and the Council Tax Reduction Scheme (CTRS) was undertaken as part of the approved internal audit periodic plan for 2019/20. The purpose of the audit was to ensure that Housing Benefits and CTRS are processed accurately with the supporting documentation maintained on file to enable claimants to be paid on time.

Housing Benefit is a means tested social security benefit that is intended to help claimants meet their accommodation costs for rented properties and fees and can be paid directly to the claimant, the landlord or removed against their Council Tax for CTRS. The Service Manager – Revenues and Welfare Support Oversees the Housing Benefit function with day to day management being conducted by the Housing Welfare Support Manager.

In this current financial year, to the date of the audit, the Council have processed 839 new claims for Housing Benefit and Council Tax Reduction, in which their average time for dealing with new claims has been 13 days. The Council's Housing Benefit function is managed through the Civica system, this allows for processing, monitoring, amending and making payments. The system also allows for the random selection of new claims and changes of circumstances to undergo a quality assurance check.

1.2 Conclusion

Our overall opinion was formed by undertaking interviews with key staff and sample testing on the processes in place to ensure that the controls upon which the Council relies on to manage the Housing Benefit and CTRS processes are being managed. Our review has confirmed that there is an adequate control framework in place, however, we have identified some control enhancements and non-adherence to controls. As such, a total of four management actions were agreed, consisting of one 'medium' and three 'low' priority actions.

Internal audit opinion:
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.
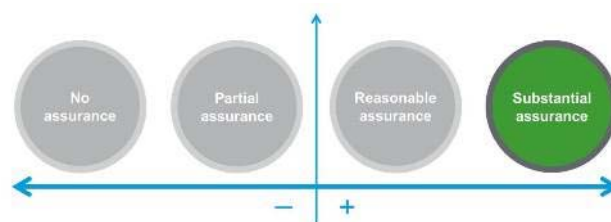
1.3 Key findings

The key findings from this review are as follows:

- Monthly reporting of Key Performance Indicator (KPI) statistics is undertaken. These come out of the Business Plan which are presented to the Overview and Scrutiny Committee on a quarterly basis and Senior Leadership Team on a monthly basis. It was confirmed the statistics have been maintained up to date at the time of the audit.

- Access to the Benefits system is restricted to nominated employees with only authorised staff being able to amend the system parameters. Testing the 15 users confirmed they were current employees and were deemed to have appropriate access.

- On an annual basis, the parameters are set based on circulars released from the Department for Work and Pensions. These are manually input by the Housing and Welfare Support Manager and checked by additional members of staff for accuracy. These are then tested in a test environment prior to going live for the new financial year.

- A Council Tax reduction transfer is completed prior to the start of the year and the amounts are agreed to the Civica system. Three reports (Benefits Council Tax Reduction Scheme Report, Council Tax Financial Control Report and the Council Tax Transactional Control Report) are produced which should all reconcile to demonstrate the transfer has been successful.

- A new claim is processed following the receipt of adequate supporting documentation and assessed in accordance with legislation. The Council use an external organisation who will run a check on all new claims and assign them a risk score (low, medium, or high). This risk score determines the level of supporting documentation required. Testing 20 new claims confirmed a risk score was allocated and supporting documentation was maintained on file.

- Changes in circumstances are only processed within the system following receipt of adequate supporting documentation, which is received prior to the date of the change being processed. Testing 20 changes in circumstances confirmed supporting documentation was maintained on file and the change was processed accurately.

- A sample of applications are re-assessed by a different Officer to that completing the initial assessment to ensure that the Housing Benefit claim has been correctly processed in line with current legislation.

- Claimants of Housing Benefit and CTRS are able to raise an appeal if they are dissatisfied with the outcome of a claim or overpayment. They raise these direct to the Council via email, letter or through the Council's website. Appeals are reviewed by the Council and passed to Tribunal where required for resolution.

- Write-offs of overpayments that cannot be collected are recorded and authorised appropriately. All write-offs are authorised prior to the amount being written off on the system. Testing 20 write-offs confirmed in all instances that these were approved in line with Scheme of Delegation prior to the write-off being processed.

- The Council have in place a procedure for identifying and actioning write-ons. The procedure is made available to staff within the Overpayment Policy.

- A Housing Benefit Subsidy Claim is completed annually by the Housing and Welfare Support Manager and is authorised by the Section 151 Officer by the deadline of 30 April. It was confirmed the deadline was adhered to.

- The feed from the Civica system to the Agresso Financial Management system is reconciled on a monthly basis, the reconciliation is signed as completed and reviewed by an independent Officer. Testing five months reconciliations confirmed they were conducted and reviewed independently, in a timely manner and no unreconciling items were present.

- The Housing and Welfare Support Officer runs a report from the CTRS system on a monthly basis, reconciling to a transaction and financial report from the Civica system in order to ensure Council Tax balances are correct. Testing five months reconciliations confirmed they were conducted and reviewed independently, in a timely manner and no unreconciling items were present.

However, testing identified the following weakness in the Council's control framework. As a result, management actions have been agreed to be implemented to mitigate the associated risks:

- Through review, it was confirmed the Housing Benefit Direct Payment Policy, Discretionary Housing and Hardship Fund Payments Policy and Overpayments Policy were requiring updating as the review dates had passed.

- Benefits staff have completed declarations or statement of interests identifying relatives and close friends claiming benefits, their access to amend the accounts of these claimants has been restricted to view only. Testing a sample of 15 declarations of interest confirmed in 14 instances these had not been conducted annually in line with procedure. The remaining employee is on maternity leave and therefore has not completed the declaration of interest form.

- Overpayments have a reason documented and the claimant is notified. Recovery action is completed to recover Council owed funds. Testing a sample of 20 overpayments confirmed in one instance the notification to the claimant of recovery action had not been sent. This was due to the letter failing to produce and not being picked up from the system.

- A weekly reconciliation of cheques and BACS payments is made against the expected payment reports from Civica, before being processed and paid to claimants. There is segregation of duties throughout the process and any variances are investigated. Testing of the last 10 weeks BACS payments identified one week where the BACS process was conducted, authorised and paid by one member of staff. However, mitigating circumstances were present due to annual leave and illnesses in the team.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non-Compliance with controls*		Agreed Management Actions		
					Low	Medium	High
Housing Benefits, Universal Credit and Council Tax Reduction Scheme	0	(17)	4	(17)	3	1	0
Total					**3**	**1**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2   DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
4	A weekly reconciliation of cheques and BACS payments is made against the expected payment reports from Civica, before being processed and paid to claimants. There is segregation of duties throughout the process and any variances are investigated.	Yes	No	Testing of the last 10 weeks BACS payments confirmed in nine instances segregation of duties was apparent throughout the process with two members of staff involved in preparing, authorising and submitting the BACS payments. It was confirmed the values matched on all reports and independent spot checks of bank details were conducted. However, in one instance the whole BACS run was prepared, authorised and submitted by one Team Leader. This was due to absence of the other Team Leader and Housing and Welfare Support Manager. There is a risk errors and omissions may not be detected without the	Medium	Where absences occur with Team Leaders or the Housing and Welfare Support Manager, an additional member of staff will be used to check the values on the BACS reports to ensure these are consistent throughout the BACS run.	30 November 2019	Housing and Welfare Support Manager

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				independent review of the BACS process. A weekly reconciliation of cheques and BACS payments is made against the expected payment reports from Civica, before being processed and paid to claimants. There is segregation of duties throughout the process and any variances are investigated.				

PAYROLL AND EXPENSES - EXECUTIVE SUMMARY

1.1 Background

A review of payroll and expenses was undertaken as part of the approved internal audit plan for 2019/20.

The Council's payroll is managed using the Resource Link system provided by Northgate. Resource Link is an integrated system, including both a human resources and a payroll module. Standard forms have been developed for use by staff members, including new starter and leaver forms.

The majority of the Council's employees have access to 'My View', providing electronic access to payslips and allowing amendments to personal details to be processed as and when required. Certain staff members who do not have IT access as part of their role are provided with physical paper payslips.

Segregation of duties is maintained, with forms authorised by an appropriate officer prior to arrival in the payroll function and data input onto the payroll system is reviewed by an independent officer. In addition, full details of all new starters and leavers is provided by the Personnel Manager and payroll processing staff take no part in the personnel function. In the month of September 2019, 618 members of staff were processed for payment totalling around £724,000.

The payroll function is overseen by the Senior Assistant Accountant (Exchequer Management) with the day-to-day processing carried out by the Assistant Accountant (Payroll Management) and the Payroll Assistant.

In addition to processing the Council's payroll, the processing of payroll on behalf of Rushcliffe Borough Council is carried out and a formal Service Level Agreement is in place between the two authorities. Separate payrolls are produced for over 300 employees at Rushcliffe Borough Council.

1.2 Conclusion

There is an appropriate control framework in place for payroll. Our audit review has confirmed that the general control framework relating to payroll is robust and operating effectively. We identified no issues that required us to comment upon or to raise management actions that would require improvement actions to be taken.

As part of this review we have used data analytics software (IDEA) to provide insight into payroll data and ensuring accuracy in the Council's payroll. No exceptions were found as a result of this testing.

Internal audit opinion:
Taking account of the issues identified, the Council can take **substantial assurance** that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively.

No assurance | Partial assurance | Reasonable assurance | Substantial assurance

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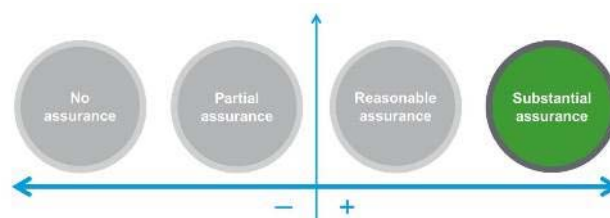
1.3 Key findings

The key findings from this review are as follows:

- Detailed procedure notes are in place providing staff with guidance on how to process expense claims, overtime and how to process the payroll.

- An authorised signatories list is in place, detailing those staff permitted to authorise starters, leavers, amendments, expenses and payments.

- Access to the Resource Link system is restricted to authorised personnel and through testing a sample of 10 members of staff it was confirmed they were all current employees.

- Starters and leavers checklists are completed for all employees joining or leaving the Council with built in checks and segregation of duties to ensure accurate and timely processing.

- Testing a sample of 20 starters and leavers found appropriate documentation had been completed and maintained on file.

- Testing a sample of 20 involuntary and five voluntary deductions identified in all instances these were processed on receipt of appropriate notification and these are retained on file.

- A sample of 20 additional payments were reviewed. In all instances a supporting notification form had been maintained on file for each claim which had been appropriately authorised by a line manager.

- Sample testing of 20 expense claims confirmed all instances were appropriately authorised with supporting documentation maintained on file and checking to the payslip confirmed the amount matched.

- For all BACS payments completed during the current financial year, it was confirmed an exception report had been produced and reviewed and the BACS had been authorised in line with delegated authorities with segregation of duties apparent.

- Exception reports are produced each month which identifies variances to the previous months' payroll. Variances are investigated, and it was confirmed for the six months tested in the current financial year, this report had been produced and signed as evidence of review.

- Monthly P32 payments are made to the HMRC as required prior to the 22nd of the following tax month. The P32 payments include all PAYE, student loan deductions and National Insurance contributions for the month in question.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed management actions		
					Low	Medium	High
Payroll and Expenses	0	(26)	0	(26)	0	0	0
Total					**0**	**0**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

COUNCIL TAX - EXECUTIVE SUMMARY

1.1 Background

A review of Council Tax was undertaken at Gedling Borough Council (the Council) as part of the approved internal audit periodic plan for 2019/20.

Council Tax is a local taxation system used in England, Scotland and Wales, introduced by the Local Government Finance Act 1992. The Local Government Finance Act 1988 provided an administrative framework for assessing and billing non-domestic rates.

The Valuation Office Agency (VOA) is an executive agency of HM Revenue & Customs (HMRC) and provides the Government with valuations and property advice required for taxation and benefits. The VOA compiles and maintains lists of Council tax bands and details the rateable value of non-domestic properties for business rates. Changes to these bands and values are notified by collecting authorities such as the Council on an ongoing basis for them to action.

The Council serves as a billing authority for Nottinghamshire County Council, the Nottinghamshire Police and Crime Commissioner, the Combined Fire Authority and eleven parish councils. During the financial year of 2018/19 the Council collected £68m of Council tax, with £5.7m retained for its own services. This represented a collection of 98.5 per cent of Council tax due for the year.

Write offs are processed in batches and are approved by the Deputy Chief Executive and Director of Finance. At the time of audit, £33,095.70 was written off for Council tax since the start of the current financial year.

1.2 Conclusion

The review of Council Tax identified that overall the control framework is well designed and operating effectively. However, two weaknesses in compliance with the established control framework have been identified which has resulted in two medium priority management action being agreed. The reported exceptions relate to the setting up of new liabilities and the authorisation of refund payment batches.

Internal audit opinion:
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the Council relies to manage the identified area is suitably designed, consistently applied and operating effectively.
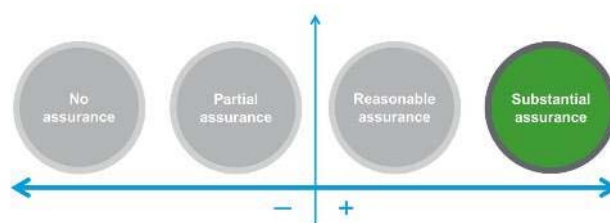
1.3 Key findings

The key findings from this review are as follows:

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

- The Council has a Fair Collection and Debt Recovery Policy in place. The policy provides provide guidance to staff, members and customers for the effective payment and recovery of Council Tax debts.

- Procedure notes are in place for the Revenues Department. The procedure notes set out the processes for key daily tasks undertaken by the department.

- The Council Tax Base and Rates are approved annually by Council. The Council Tax Base and Rates for the year ending 31 March 2020 were approved by Council at its meeting on 04 March 2019.

- Billing parameters in relation to precepts and charges are accurately inputted within the Civica System on an annual basis.

- Council Tax staff members complete an annual declaration stating any conflicts of interest. A Register of Interests is maintained on file by the Revenues Department and is updated on an ongoing basis.

- Systems access is restricted for staff with Council Tax accounts in the Borough. Access is blocked for personal accounts and the accounts of any declared interests.

- Access to the Council Tax Module within the Civica System is limited to current members of staff in line with their job roles and responsibilities. Leavers are disabled and removed from the system in a timely manner.

- A Revenues Services Recovery Calendar is in place which sets out the dates by which key tasks should be actioned in relation to Council Tax debt recovery.

- Council Tax demands are issued on an annual basis during March each year. A reconciliation is completed between the Civica System and number of bills issued to ensure that the correct number and value of demand notices were issued.

- All discounts, exemptions and reliefs are granted, in accordance with the eligibility requirements specified in Government eligibility guidance. The claims are granted following receipt of suitable supporting evidence, in line with the figures approved by Council. All supporting evidence is maintained on the Civica system.

- The Revenues Department proposes write offs on an on-going basis. Proposed write offs are batched together and sent for approval on a monthly basis. Appropriate approval based on the write off value is received prior to being actioned within the Civica System.

- Monthly reconciliations between the Civica and Agresso Finance System are completed for all Council Tax payments and refunds. Reconciliations are completed in a timely manner and reviewed by the Revenues Team Leader.

- The Valuation Office Agency (VOA) issues a schedule of changes to rating valuations on a weekly basis. A reconciliation is completed between the schedule and Council Tax standing data and all variances are identified and rectified.

- Each month a report is sent to the Revenues Department by the Planning and Building Control Departments detailing any new commencements or completions of dwellings. This allows the Revenues Department to identify any new properties/businesses within the area which are currently liable or will be liable for Council Tax at a future date.

- Void properties are inspected by the Revenues Department's dedicated property inspector on a cyclical basis to ensure that Council Tax liability is promptly identified and actioned by the Revenues Department.

- Council Tax debts are recovered in accordance with the Fair Collection and Debt Recovery Policy and the Revenues Services Recovery Calendar. First, second and final reminder letters are issued in a timely manner. If arrears continue to persist, the Council will transfer the debt to a collection agent or apply for a liability order.

- The Revenues Department carries out an annual canvassing exercise on applied discounts, exemptions and reliefs to ensure they are still valid and applicable.

However, the following areas of non-compliance with the established control framework were identified:

- Testing a sample of new liabilities within the current financial year identified three instances where notifications of new liabilities had been processed outside of the set 14-day period.

- Testing a sample of refunds within the current financial year identified one instance where a refund batch had not been signed by an approver.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed management actions		
					Low	Medium	High
Council Tax	0	(18)	2	(18)	0	2	0
Total					**0**	**2**	**0**

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2   DETAILED FINDINGS

Categorisation of internal audit findings	
Priority	**Definition**
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Area: Council Tax								
1	New accounts are set up with 14 days of the Council receiving the new liability notification. Once a new account has been created, a demand notice is issued within 24 hours of the liability being processed.	Yes	No	A sample of 20 new liabilities were selected and tested from the current financial year. In 16 instances it was confirmed that the new liability notification had been processed and set up on the Civica system within the set 14-day period. One instance was noted where a notification had not been processed for a period of 16 days, however, it was confirmed that this was due to delay in the applicant providing information requested by the Council. However, three instances were noted where notifications of new liabilities had been processed outside of the set 14-day period, with the longest delay being 20 days.	Medium	All new liabilities will be processed and set up on the Civica system within 14 days of the Council receiving original notification.	31 December 2019	Revenues Manager

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				If new liabilities are not processed within the set 14-day period following notification to the Council, there is a risk that demand notices will not be issued in a timely manner.				
2	Refunds arising from over-payments or adjustments to circumstances and rateable values are authorised by the Service Manager - Revenues and Welfare Support. All supporting documentation for refunds is maintained on the Civica System.	Yes	No	A sample of 20 refunds were selected and tested from the current financial year. In all instances supporting evidence had been maintained on file within the Civica System to support the refund request. in 19 instances it was confirmed that the relevant refund batches had been appropriately approved prior to the refunds being processed for payment. However, one instance was noted where a refund batch had not been signed by an approver. Through further investigation it was confirmed that the report had been reviewed by the Service Manager - Revenues and Welfare Support and emailed to the Creditors Department for processing. If refund batches are not reviewed and authorised prior to payment there is a risk of inappropriate payments being made, resulting in financial loss to the Council. Additionally, it was noted that the refund batches are being signed off via a picture of an electronic signature. This is not a secure method of authorising the refund batch reports and poses a risk of the electronic signature being used by someone who is not an approver, due to a lack of authentication.	Medium	All refund batches will be authorised via email and the evidence of authorisation will be retained on file.	31 December 2019	Deputy Chief Executive and Director of Finance