# **INTERNAL AUDIT PROGRESS REPORT** Gedling Borough Council December 2021 IDEAS | PEOPLE | TRUST | BDO

# **CONTENTS**

SUMMARY OF 2021/2022 WORK	2
REVIEW OF 2021/2022 WORK	3
SECTOR UPDATE	8
KEY PERFORMANCE INDICATORS	.11
APPENDIX I - DEFINITIONS	. 12

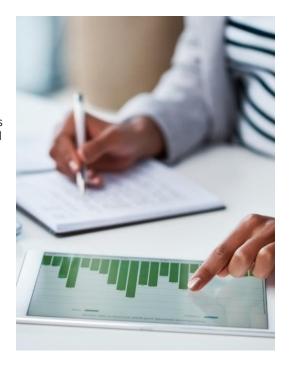
# SUMMARY OF DECEMBER 2021 WORK

## **INTERNAL AUDIT**

This report is intended to inform the Audit Committee of progress made against the 2021/22 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## INTERNAL AUDIT METHODOLOGY

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



# 2021/2022 INTERNAL AUDIT PLAN

Four audits have been completed and we are pleased to present the following reports to this Audit Committee:

- Taxi Licensing
- Asset Management Plan
- Homelessness and Temporary Accommodation
- Regeneration Employment and Skills

The following audit has been completed and a draft report produced which we hope to present at the next Audit Committee:

IT Architecture.

Fieldwork is due to commence this month on the following audit which we hope to present at the next Audit Committee:

• Environmental Health Services and Enforcement.

#### 3

# **REVIEW OF DECEMBER 2021 WORK**

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Housing Benefits	September 2021	<b>√</b>	✓	✓		
Risk Management (Advisory)	September 2021	✓	✓	✓	N/A	N/A
Taxi and PHV Licensing (20/21)	December 2021	✓	✓	✓		
Asset Management	December 2021	✓	✓	✓		
Regeneration (employment and skills)	December 2021	✓	1	✓		
Homelessness & Temporary Accommodation	December 2021	✓	1	✓		
IT Architecture	March 2022	✓	✓	✓		
Environmental Health Services & Enforcement	March 2022	✓				
Main Financial Systems	March 2022	✓				
Procurement & Contract Management	March 2022	✓				
Sustainable Environment	March 2022	✓				



# **TAXI LICENSING (20/21)**

 Design Opinion
 Moderate

 Recommendations
 0

 2
 2



### **AREAS REVIEWED**

Review of Taxi and PHV Policies, including the checks which need to be undertaken to ensure a person is "fit and proper," ensuring they are reviewed on a regular basis and approved by the Licensing Committee

Testing of applications to verify that they are received and reviewed in a timely manner

Ensuring appropriate evidence is retained to demonstrate completion of checks and basis for decision.

Confirming links are in place with appropriate agencies to help identify relevant convictions which occur during the life of a license

Testing to ensure that the processing of applications and decision-making is captured and reported appropriately with relevant action taken

Ensuring statutory reporting of data, as required, is validated and reported in a timely manner.



The Council met its statutory requirement to submit its annual return to the Department for Transport setting out its key taxi license data, including the number of licensed vehicles and its vehicle specification policies

The Council carries out multi-agency enforcement operations on a quarterly basis where they conduct spot-checks on vehicles to identify any potential faults which have not been addressed by drivers, potentially leading to the suspension of licenses where appropriate.



There is insufficient evidence obtained and recorded during vehicle inspections carried out by the Council to substantiate the results of the inspection and no documented review process

There is a lack of management reporting taking place within Licensing to monitor the service's performance, eg covering number of licenses processed and vehicles inspected

There is no document control included within the Council's 'Statement of Policy and Guidelines for the Licensing of Hackney Carriage Drivers, Private Hire Drivers and Private Hire Operators' to indicate when the document is next subject to review and who approved the previous version

The license application review checklist completed by Officers when assessing a driver's application has not been updated to incorporate the checks carried out against the National Anti-Fraud Network (NAFN) database. Furthermore, there is no evidence uploaded to the Uniform system to verify the result of the check and the Council has not yet implemented processes to contribute to the database.

# ASSET MANAGEMENT

 Design Opinion
 Moderate

 Recommendations
 0

 2
 2



#### AREAS REVIEWED

Confirmation of whether asset management is prioritised at a senior level and whether a senior officer has been identified as the Council's property asset 'champion'

Review of how asset valuations are determined at the Council ensuring valuations are carried out in line with defined requirements and changes in value are authorised appropriately

Testing of a sample of Council-owned properties to assess whether rental incomes are per the most up-to-date agreement, market value has been assessed, rent is being invoiced and collected in a timely manner, and rental income in the finance system agrees to tenancy schedules

Confirmation that the process for ensuring asset repairs and maintenance are undertaken in a timely manner. Review of a sample of asset repairs and maintenance undertaken over the last six months

Review of a sample of oversight reports to confirm performance monitoring is carried out.



All assets reviewed in our sample test had been subject to a valuation in accordance with the Council's valuation schedule and had been valued within the past two years. We confirmed that all valuations had been undertaken by the Property Services Managers who is a qualified member of the Royal Institute of Chartered Surveyors

All rental income receipts reviewed were accurate and agreed to the amount due per the lease agreements. Tenants were issued invoices and in most cases, rent payments were paid within 30 days of the invoice being issued. A spreadsheet with the dates that invoices and payments were received from each tenant to track and chase overdue payments

Repairs and maintenance payments agreed to invoices and purchase orders in all cases sampled confirming that contractors were paid accurately. All contractors were paid in a timely manner upon receipt of an invoice.



**Repairs and Maintenance** - A log is not maintained to record all repairs and maintenance to the Council's assets meaning that the time taken for repairs/maintenance to an asset from the original request cannot be tracked

**Performance** - Local performance targets are not in place and monitored within the Property Services team and the Property Services Service Plan report to the senior leadership team (SLT) does not include sufficient detail

**Invoice payment** - There were three instances where rental income had not been received within the 30-day credit period. In one of these cases, an invoice of £32,566.35 was still outstanding when audit testing was completed

**Valuations** - There is not a separation of duties in place for asset valuations and there were four instances in our sample of 10 asset valuations where the valuation method was not stated on the asset management system.



# VALUE ADDED

The Council has drafted an Asset Management Plan (AMP), however this was undertaken by staff who have now left the authority and requires a full review and update before it can be put forward for approval. In order to assist with the review and re-write we have benchmarked the Council's previous AMP with 10 other local authorities to identify whether any good practice could be identified and applied to the Council's AMP.

# **HOMELESSNESS & TEMPORARY ACCOMODATION**

 Design Opinion
 Moderate

 Recommendations
 0

4 0



SCOPE

#### **AREAS REVIEWED**

Review of the Council's strategy in place to support the prevention of homelessness

Review of the work programmes/action plans relating to preventing homelessness and supporting individuals or households in need of emergency accommodation to consider if the work programme clearly supports delivery of Gedling Borough Council's commitment to the South Nottinghamshire Homelessness and Rough Sleeping Strategy, actions within the work programme are specific, measurable, achievable, realistic, and timebound (SMART), assigned to clear action owners and are appropriately followed up

Review of staff capacity and training received to support effective prevention of homelessness Review of the arrangements in place to manage the costs relating to homelessness and use of temporary accommodation

Testing of a sample of cases where the Council has been contacted for support to consider if assessments of needs have been carried out and regularly reviewed

Testing of a sample of cases where individuals at risk of homelessness made an application for emergency housing and if the Council have met their statutory "main homeless duty"

Review of management information and evidence of monitoring of key performance indicators relating to the efficacy of the Council's strategies and operational plans for preventing homelessness and supporting individuals or households at risk of immediate homelessness.



The Council's work programmes which relate to preventing homelessness and supporting individuals or households in need of emergency accommodation are clear, appropriately detailed and communicated to appropriate officers

In discussion with staff we found that staff capacity and training offered is sufficient to support the effective prevention of homelessness

The Council's 'statutory main homelessness duty' was met in all cases examined in this audit

The Council undertake quarterly budget monitoring meetings with Finance to review the actual spend against budget, in the prevention of homelessness

The Council are undertaking several schemes to support the prevention of homelessness.



**Strategy** - The South Nottinghamshire Homelessness and Rough Sleeping Strategy (2019-2022) does not currently consider the impact of high local housing costs and how this impacts available private landlord housing stock

Assessments - In eight out of 30 cases reviewed we found that the Council had not regularly reviewed a client's assessment of needs

**Bed & Breakfast** - In three out of 10 cases reviewed we found that clients had spent a significant proportion of time in Bed and Breakfast accommodation. The clients had spent 62, 113 and 116 days in Bed and Breakfast accommodation across our sample

**Key Performance Indicators (KPIs)** - The KPIs reported for the prevention of homelessness are not specific to the achievement of the service objectives.



# VALUE ADDED

We compared Council practices to other local authorities to identify best practice which could be put forward to improve the control environment.

# REGENERATION - EMPLOYMENT & SKILLS

 Design Opinion
 Moderate

 Recommendations
 0

 1
 2



## AREAS REVIEWED

Review of how the priorities/initiatives link in to the achievement of the Gedling Plan. Review of how the initiatives are realised and how further opportunities are identified

Review of whether each key priority/initiative have action plans to ensure their achievement. Review of the action plans and evaluate if:

- Outcomes are clear and well-defined
- Actions are specific, measurable, achievable, realistic and time bound (SMART)
- Assigned to clear action owners
- Are appropriately followed up to ensure they are achieved in the timescales set

Review of the governance structures in place to ensure there is appropriate scrutiny of the progress towards achieving the objectives as set out within the Gedling Plan

Review of whether the Employment and Skills Group (ESG) has an appropriate terms of reference, meet regularly and reviews progress against objectives and key actions. Evidence outputs delivered and whether these are in line with the Gedling Plan priorities and objectives

Review of management information and evidence of monitoring and oversight over key performance indicators relating to the effectiveness of each of the initiatives

Review of how success is measured, including the impact that various initiatives have within the Borough. This also includes reviewing whether the Council has assessed where there may be a future need or a surplus of provision.



In order to continue to provide valuable Employment and Skills services, the Council has started to assess where there may be a future need or surplus of provision. This is part of the 'State of Gedling' review, which is being completed by the Economic Growth Manager. This is an economic assessment of the borough to provide a snapshot of each town, particularly in terms of employment and education data

The Employment and Skills Group (ESG) is co-ordinated by the Council as a platform for external partners to work better together and share information. Due to the impact of COVID-19, the quarterly meetings have been held remotely. This has allowed the group to expand its reach, with more attendees noted at these meetings compared to previous in-person meetings. In addition, the focus of the group has shifted away from over-analysis of statistics with no output, to greater collaboration between partners. We observed the October 2021 meeting which included effective discussions in line with the agenda. This is further reflected in our review of meeting minutes for the previous four meetings.



Action Plans, Performance Indicators and Oversight - The Council could make improvements to its governance arrangements, including more regular reporting to the Senior Leadership Team, more detailed action planning and having more measurable key performance indicators

**Lessons Learnt** - Success of the Council's initiatives are not measured regularly with no consistent process in place to review completed work and complete a lessons learned exercise

**ESG terms of reference** - The Employment and Skills Group (ESG) do not have a terms of reference.

# SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members. Topics include Environment, Health, Transport, Housing and Children.

#### Net zero strategy launched

Prior to COP26, the government has published its strategy to reach net zero carbon emissions by 2050. The strategy sets out four key principles for the transition to net zero. These include the promise to "work with the grain of consumer choice" and "ensure the biggest polluters pay the most for the transition". It also promises to protect the most vulnerable through measures such as energy bill discounts and efficiency upgrades, and to bring down the costs of low carbon technology through "support for the latest state of the art kit".

The government announced that the strategy will support up to 440,000 green jobs by 2030 and will deliver at least £1.5bn to support work towards net zero innovation. It also confirms previously announced funding for public transport - including £3bn to improve bus networks, and £2bn to support the ambition that by 2030 most journeys completed in towns and cities are walked or cycled.

The government has also confirmed extensive investment stating that the UK infrastructure bank will enable more than £40m in investment in projects to help the country reach net zero, "crowding in private sector investment in important areas and helping to kick start new sectors". The bank "will lend to local authorities for strategic and high value projects and invest in projects alongside the private sector".

The government have assured a coordinated approach, working across local and national government, the devolved administrations, and with businesses and civil society organisations with the establishment of a net zero forum to help bring together central, regional and local government.

Net zero strategy launched | Local Government Chronicle (LGC) (lgcplus.com)

## More central-local co-operation needed to reach net zero, say MPs

The UK will struggle to reach net zero by 2050 unless there is more cooperation between central and local government, a report from MPs says.

The Housing, Communities and Local Government Committee has released a report (29 October 2021), Local Government and the Path to Net Zero, examining the role of local authorities in tackling climate change. "Local authorities will be particularly important to ensuring a just transition to net zero," the report states, "since no layer of government is closer to people or better able to tailor climate action to meet the needs of local communities".

The committee has recommended that the government open a consultation with local government to set out the components of the draft net zero delivery framework. This framework would define the "relative roles and responsibilities of local government" in order to provide more clarity on councils' roles in tackling climate change. The report also says the local government net zero delivery framework should "clarify the critical role local government must play in delivering a just transition to net zero that benefits all communities".

The report urges government to create a comprehensive plan to fund local climate action and provide local authorities with long-term assurance and confidence.

More central-local cooperation needed to reach net zero, say MPs | Local Government Chronicle (LGC) (Igcplus.com)



#### Contingency plans drawn up to prepare for potential Covid surge

The Local Government Association is considering a contingency 'plan C' for what might happen if there is a Covid spike which the government's own 'plan B' fails to suppress.

The government has said it is not actively considering plans for what might happen if its plan B strategy for tackling a Covid surge - which would enforce mask wearing, physical distancing and ventilation in high-risk settings - fails to reduce cases. However, the LGA is understood to be keen to be on the front foot in preparing for a range of infection scenarios and is drawing up further contingency plans to ensure the sector is as prepared as it can be going into winter.

A senior local government source told LGC: "It is not as simple as a binary plan A, B or C. There are a full range of circumstances. Councils are thinking about contingency plans for what might happen if for example the Covid infection rate in schools shoots up, but in the wider older population it declines. It's just about being ready for a variety of potential outcomes. "Councils shouldn't just be waiting for government and then run round like mad men trying to do it. We should, as we do with emergency planning generally all the time, question how we deal with it. What's the plan A, B, C, D and E?"

Exclusive: Contingency plans drawn up to prepare for potential Covid surge | Local Government Chronicle (LGC) (lgcplus.com)

#### Sunak details transport spending boost

The chancellor has confirmed a spending boost for transport improvements in England's city regions. In the October 2021 budget and spending review, Mr Sunak said that £5.7 bn of investment over five years will be distributed via what he termed "London-style" city region sustainable transport settlements. These sums will go to projects in eight city regions, including West Yorkshire, Greater Manchester, Liverpool City Region and the Tees Valley. Initiatives set to benefit include the Sheffield Supertram renewal and the Wednesbury to Brierley Hill metro extension in the West Midlands.

A further £2.7bn has been earmarked over the next three years for local roads maintenance in places which have not received city region settlements. And another £2.6bn is available from 2020-2025 to help deliver a long-term pipeline of more than 50 local road upgrades including the A509 Isham Bypass, A259 Bognor Regis and A350 Chippenham Bypass.

The Budget and spending review also includes a £1.2bn bus fund to deliver improved "London-style services, fares and infrastructure improvements" outside of the capital. This is part of a broader £3bn package of investment in buses over the current parliament. Out of this pot, £70m of Zero Emission Bus Regional Areas funding has been allocated to deliver buses and related infrastructure in Warrington, Leicester, Milton Keynes, Kent, and Cambridgeshire and Peterborough.

The Budget and spending review also confirms over £2bn of investment in cycling and walking over the Parliament, which will be used to build hundreds of miles of bike lanes and other facilities to improve cyclists' safety.

In his Budget speech, Mr Sunak said the government will be investing totals of £21bn on roads and £46bn on railways.

Sunak details transport spending boost | Local Government Chronicle (LGC) (lgcplus.com)

## 85% rise in funds to end homelessness and rough sleeping

The government will increase annual resource funding for ending homelessness and rough sleeping by 85% by 2024-2025, the chancellor of the exchequer has announced.

In his autumn budget and spending review speech in October 2021, the chancellor announced that government spending on homelessness and rough sleeping would rise to £639m per year. This will see the total funding provided by the government for ending homelessness and rough sleeping to £1.9bn by 2025.

The funds will go towards funding the Rough Sleeping Initiative, which is led locally and used to help rough sleepers into stable accommodation and to rebuild their lives. It will also contribute to the delivery of 6,000 homes as part of the government's Rough Sleeping Accommodation Programme, which sets out housing pathways to help people into longer-term accommodation.

85% rise in funds to end homelessness and rough sleeping | Local Government Chronicle (LGC) (Igcplus.com)

## Demand grows for children's mental health support as council provision falls

Demand for mental health support from vulnerable children has drastically increased during the pandemic, research by the House of Lords Public Services Committee has found. Meanwhile, separate figures show that councils' workforces for young people's mental health services have fallen 44% since 2018.

The committee's survey of councils, charities and other organisations supporting vulnerable children found that since March 2020 nine in ten have reported a rise in the number of children seeking help with mental health issues.

And 86% of services said that the mental health issues experienced by children already receiving support had worsened.

There has also been an increase in the number of children and families seeking support due to domestic violence and parental addiction. 66% of services said domestic violence faced by partners at home among the families and children already receiving support had become more severe. Around two thirds said that they had seen an increase in the number of children and families requesting help due to domestic violence, and half indicated an increase in the severity of parental issues in families already receiving support.

Anntoinette Bramble (Lab), chair of the Local Government Association's children and young people board, said the drop in councils' CYPMH workforce "is extremely concerning at a time when the number of people aged under 18 referred to mental health services soared by more than 130 per cent between April and June alone this year".

"Local authorities need properly resourcing to take a lead role in mental health to help government build back better, particularly as mental health specialists are one of the biggest recruitment challenges for councils. This means being treated as more of an equal partner to the NHS in improving mental health and getting enough funding to help people in need of support in their communities," she added.

Demand grows for children's mental health support as council provision falls | Local Government Chronicle (LGC) (lgcplus.com)

# **KEY PERFORMANCE INDICATORS**

Audit Area	Rate our understanding of the Business	Rate our commun -ication	Rate the audit's contribution to adding value	Overall audit experience	Would you recommend BDO to others?	Any further comments
Asset Management						No feedback received
Risk Maturity	4	5	5	5	Yes	
Housing Benefits						No feedback received
Homelessness	4	5	4	4	Yes	
Employment & Skills						No feedback received
Taxi Licensing						No feedback received
Average	4/5	5/5	4.5/5	4.5/5	Yes	

# **APPENDIX I - DEFINITIONS**

# **OPINION SIGNIFICANCE DEFINITION**

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

# FOR MORE INFORMATION: ADAM SPIRES

+44 (0)23 8088 1738 Adam.Spires@bdo.co.uk This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© December 2021 BDO LLP. All rights reserved.

www.bdo.co.uk