INTERNAL AUDIT PROGRESS REPORT

Gedling Borough Council

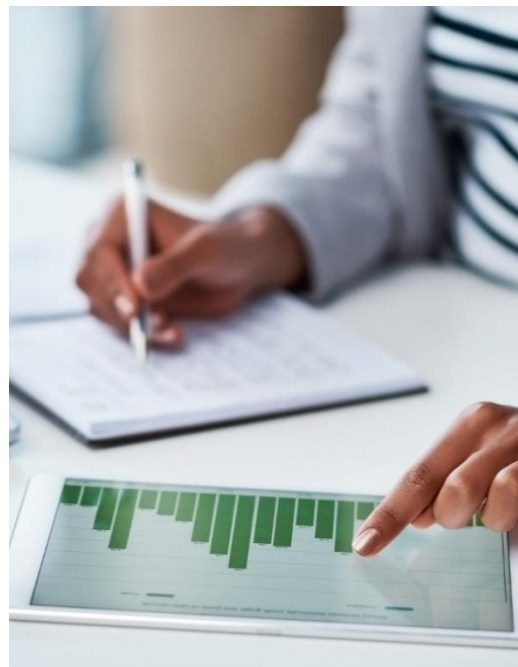March 2023

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CONTENTS

SUMMARY OF 2022/2023 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the March 2023 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

INTERNAL AUDIT METHODOLOGY

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

2022/2023 INTERNAL AUDIT PLAN

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

▶ Cyber Security

▶ Contract Management and Procurement

▶ Remote Working

Please note due to the nature of the review, the detail of the Cyber Security report will be discussed as an exempt item.

The following audit is in reporting stage but not yet finalised and therefore will come to the next Audit Committee:

▶ Workforce Strategy.

CHANGES TO THE 2022/2023 INTERNAL AUDIT PLAN

There are no changes at present to this year's plan.

REVIEW OF 2022/2023 WORK

2021/22 Internal Audit Plan:

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Contract Management and Procurement	March 2023	✓	✓	✓	L	M

2022/23 Internal Audit Plan:

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

REMOTE WORKING

CRR REFERENCES:

3. Failure to protect staff, including health & safety issues
4. Failure to recruit and retain staff, and maintaining internal capacity
6. Failure to protect & utilise physical assets
10. Failure to maintain service standards, customer satisfaction, and/or meet customer expectations
11. Failure to prevent damage to the Council's reputation.

Design Opinion	S	Substantial	Design Effectiveness	S	Moderate

Recommendations	0	1	2

SCOPE

BACKGROUND

As a result of the pandemic, there has been an increase in employees working remotely at Gedling Borough Council (the Council). Currently, employees at the Council are required to work in the office 40% of the week as per the guidance from the Senior Leadership Team. Mobile Technology allows for members of staff to work from any location and encourages a flexible approach to providing local authority services.

When properly implemented, remote working supports the Council's ability to improve its ways of working and the provision of services to the public. However, it requires appropriate security controls to be deployed to prevent the Council's services from being compromised.

To comply with the health and safety regulations, Service Managers are responsible for completing the appropriate Display Screen Equipment (DSE) assessment to ensure workstations are adequate for individuals. Where required, the user will be issued equipment and technology which can include a monitor screen, keyboard and mouse, chair and desks.

Service Managers are responsible for ensuring the self-assessment forms are completed by employees and ordering the required equipment. For technology, the Service Manager will create an IT service request using the SysAid portal. Once processed, the IT equipment will be issued to the new starter at the Civic Centre.

This review assessed the adequacy of the controls in relation to remote working.

AREAS REVIEWED

The following areas were covered as part of this review:

▶ We reviewed the Council's Policy and procedure documents in relation to remote working and self-assessments

▶ We examined the September 2021 staff survey results and the actions the Council has made to improve areas which had a low rating

▶ We tested a sample of 10 individuals who work remotely to ensure they have completed the correct self-assessment form and equipment/technology has been issued to them

▶ We discussed with the responsible service Manager the process at the Council for issuing technology and equipment to individuals and how this is managed

▶ We observed how the IT Team use different systems to monitor technology and mobile phone usage compliance.

AREAS OF STRENGTH

We identified the following areas of good practice:

▶ We reviewed the DSE Policy which provides detailed guidance to Managers on self-assessment forms. The Policy was last updated on 14 January 2021 and is fit for purpose

▶ The September 2021 staff survey results contain questions which address staff wellbeing and remote working. The results are reported to the Joint Consultative & Safety Committee and Senior Leadership Team where there is discussion of the issues identified and recommendations for solutions. The Council is proactive and have identified appropriate actions for the recommendations which are assigned to a responsible officer

▶ The Council uses three programmes to monitor the technology issued to employees: System Centre Configuration (SCCM) which allows IT to view the primary devices of a user, Helpdesk logon Tracking (SysAid) which records an individuals logs-ons onto devices and Security Event and Incident Management (SEIM) which identifies usage and log-ons. The combination of the systems allow the Council to effectively manage technology which is used remotely

▶ When individuals leave the Council, the technology they received during employment must be returned on-site and a member from the IT Team will erase the laptop, which ensures there is a secure disposal arrangement. Smart phones can we wiped remotely by users and the mobile phone guidance documents instruct employees on how to conduct this

▶ Microsoft Intune provides live compliance status of mobile phones at the Council. Examples of non-compliance are devices which have not had the required software update or completed a password change. For devices which are not compliant, the system provides the details of the device including the primary UPN (user). Non compliant devices are ones which have not had the required software update or password change. The IT Team regularly review the programmes and email the user to resolve the issue. Review of the systems confirmed it is effective in monitoring mobile phones at the Council.

AREAS OF CONCERN

We found:

▶ Our review of 10 remote workers we were unable to obtain three self-assessment forms. In two cases this was because previous managers retained them on their personal files and in one instance the form had not been completed as the individual was employed for a short period of time. We identified a further five exceptions where individuals completed the incorrect self-assessment form. Flexible workers were completing the Fully Agile Combined Assessment Form but the Policy states a DSE Assessment form must be completed too (Finding 1 – Medium)

▶ One individual did not complete an Assessment form during their employment at the Council as the individual was employed for a short period of time. In two cases, the Assessment Forms were not completed up to standard as Line Managers did not sign or date the form (Finding 1 – Medium)

▶ Discussions with Line Managers identified that the Council does not have a process for managing furniture provided to staff due to this being a rare occasion (Finding 2 – Low)

▶ Our review of the Flexible and Agile Working Policy identified it was last reviewed in October 2019 which is prior to the covid-19 pandemic. The Policy outlines how posts are identified as being suitable for flexible and agile working. The Policy does not state the requirement for employees to complete a self-assessment (Finding 3 – Low).

CONCLUSION

Overall, the Council has controls in place to manage remote working. Our review identified that the Council completes a survey every two years which is focused on addressing staff wellbeing and remote working. The results were escalated to the Join Consultative and Safety Committee and actions were identified to tackle areas which had the lowest rating. However, the council does not have a formal process to manage furniture which has been issued to staff.

Whilst the Council monitors technology issued to staff using live robust systems, our testing identified that employees did not complete the correct self-assessment forms as per the Policy on occasions sampled.

This led us to conclude a moderate assurance over the control effectiveness and substantial assurance on the control design.

CONTRACT MANAGEMENT AND PROCUREMENT

CRR REFERENCES:

7. failure to react to changes in legislation

10. failure to maintain service standards

Design Opinion	L	Limited	Design Effectiveness	M	Moderate

Recommendations	1	4	0

SCOPE

BACKGROUND

Gedling Borough Council ('the Council') seeks best value in the awarding of contracts and also to work in partnership with suppliers and other organisations.

In accordance with Council guidelines, invitations to tender are publicised in appropriate places such as relevant newspapers or journals, and Source Nottinghamshire (web portal). Gedling Borough Council is bound by the Public Contract Regulations (PCR) 2015 in order to demonstrate value for money, fair competition and a transparent process.

The Council meeting on 3 March 2022 approved a new version of the Constitution. This included updated Contracts and Procurement Rules intended to be clearer, reflect the post Brexit regime and ensure compliance with Public Contract Regulations. The most significant change was an increase in the level of contracts to be secured through a tender process from £50,000 to £75,000. It was also noted that following the government's Green Paper in respect of procurement there are likely to be some changes to the UK's procurement regime and the introduction of new legislation is expected sometime in 2023. A further review of the Contract and Procurement Rules will be required at this point.

The Procurement service is outsourced to Bolsover District Council on a three-year Service Level Agreement. The original three year Procurement Services contract with Bolsover District Council was due to expire on 31 March 2022 has been extended for a further 12 months to 31 March 2023 with the potential to extend for a further 12 months to 31 March 2024.

For contracts less than £10,000, the Council may seek quotes but where this is deemed impractical, one quote will be requested. For contracts between £10,000 and £75,000 the Council will seek three written quotes. For contracts more than £75,000, the Council will normally seek tenders using a sealed bid process.

After appointment, effective contract management can help achieve value for money in procurement and service delivery, and assist the Council in meeting its medium-term financial plan. As well as financial benefits, good contract management can also strengthen working relationships with key providers, bring improvements in the quantity and/or quality of services, help avoid service failure and encourage better management of risk.

The Council is progressing with the implementation of a contract management module within the InTend Procurement System, including an automated contracts register. A procurement strategy is also in development.

AREAS REVIEWED

▶ We obtained and reviewed the policies and procedures in place at the Council for contract management and procurement

▶ We tested a sample of procurements to verify that they have been processed according to the Contracts and Procurement Rules along with a sample of contracts to understand what contract management processes are in place for managing them

▶ We reviewed the SLA for the outsourced Procurement Team and sought assurance that the contract was operating as expected.

AREAS OF STRENGTH

We found the following areas of good practice:

▶ The nature of the procurement process to be undertaken will depend on the estimated total value of the contract. When establishing the total value of the contract, the whole life costs and any possible extension periods which may be awarded must be included. The Council's Contracting Rules detail the process per each value banding. We tested a sample of ten current contracts to ensure that they were awarded in line with the rules above with the correct procurement route chosen. No exceptions were noted

▶ For each of the Council's suppliers, it is expected that there is a contract in place which correctly outlines the commencement date, contract term, services to be provided, cost, and is signed by both parties. We tested a sample of ten current contracts and found no exceptions to this.

AREAS OF CONCERN

During our review, the following findings were noted:

▶ Contract Management – of the 10 contracts we reviewed, only two included KPIs and none had formal contract management arrangements in place (High, Finding 1)

▶ Service Level Agreement (Bolsover District Council) - The SLA between the Council and Bolsover DC is not monitored through the outlined KPIs (Medium, Finding 2)

▶ Contracts Register - The Contracts Register was at the time of testing incomplete. Two high value contracts out of 20, relating to framework contracts, were missing from the Register and the Procurement team had no involvement with them. We found that the Council did not actively monitor this through supplier spend analysis (Medium, Finding 3) N.B that subsequent to our fieldwork the Council have informed us that the Contracts Register has been uploaded to the Council website and has been updated

▶ Contracts & Procurement Rules v Procurement Strategy - There are some differences and missing details in the Contracts and Procurement Rules, and draft Procurement Strategy (Medium, Finding 4)

▶ Contract Renewal – There is no proactive process to identify contracts that are approaching their end date to ensure contracts are renewed to achieve value for money (Medium, Finding 5)

▶ Social Value Policy – When the Policy is developed it should include key areas of information expected around social value to be effective (Medium, Finding 6).

CONCLUSION

Overall, the Council has controls in place that are designed to ensure that there are adequate procurement processes which comply with the Council's Constitution and PCR 2015. This includes the arrangements with Bolsover District Council to undertake each procurement project. However, performance of the outsourced function is not formally monitored.

The Council has a Contracts Register in place, which is published publicly on its website. However, further progress needs to be made in ensuring that the Procurement team is sighted on all contracts and that the Register is regularly updated for completeness.

Critically, greater guidance is required for staff regarding ongoing contract management and setting KPIs.

Taken separately, we would conclude a limited opinion on the design and operational effectiveness of controls in relation to contract management, and a moderate opinion in relation to procurement. Therefore, the overall rating is a holistic interpretation of this, resulting in a limited opinion on the design of the system, and a moderate opinion on the operational effectiveness of the system.

SECTOR UPDATE

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

COUNCIL EMPLOYEES PAY OFFER ANNOUNCED

Announcing a full and final pay offer for council employees, Chair of the National Employers for local government services, Cllr Sian Goding, said: "Council employees have been offered a pay increase of at least £1,925 from 1 April 2023.

"For the lowest paid (currently earning £20,441 per annum), the offer equates to an increase of 9.42 per cent this year; meaning their pay will have increased by £4,033 (22.0 per cent) over the two years since April 2021. For those on all pay points above the top of the pay spine, an offer of 3.88 per cent has been made.

"The National Employers are acutely aware of the additional pressure this year's offer will place on already hard-pressed council finances, as it would need to be paid for from existing budgets. However, they believe their offer is fair to employees, given the wider economic backdrop."

The National Employers negotiate pay on behalf of 350 local authorities in England, Wales and Northern Ireland that employ around 1.5 million employees.

The total increase to the national paybill resulting from this offer would be £1.093bn (6.42 per cent).

The National Joint Council for local government services negotiates the pay, terms and conditions of staff in local authorities. It agrees an annual uplift to the national pay spine, on which each individual council decides where to place its employees. Each council takes into account a number of factors such as job size and local labour market conditions when deciding an employee's salary. There are no nationally determined jobs or pay grades in local government, unlike in other parts of the public sector.

Separate national pay arrangements apply to teachers, firefighters, chief officers, chief executives and craftworkers.

Council employees' pay offer announced | Local Government Association

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FOR INFORMATION

For the Audit Committee Members and Executive Directors
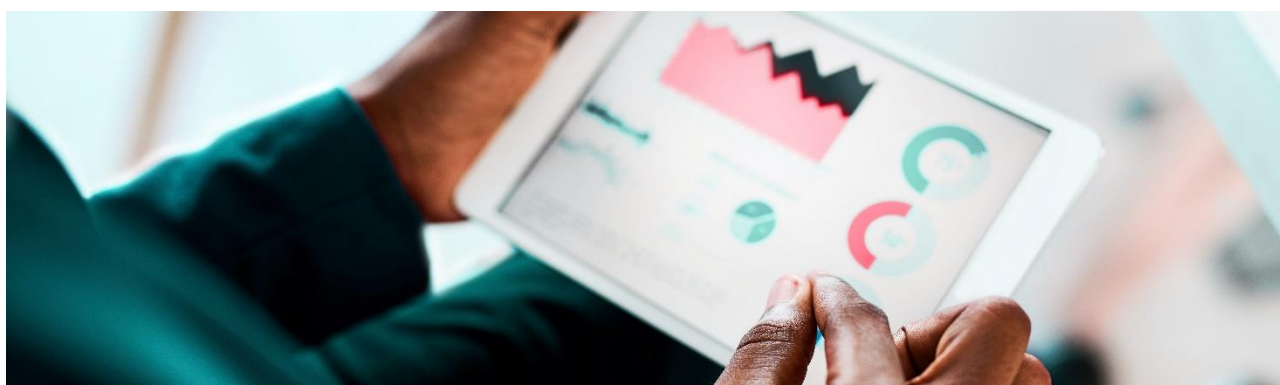
LGA PROUCES LOCAL GOVERNMENT FINANCE CAPACITY AND CAPABILITY STUDY

The issues facing local government finance functions are not unique in terms of recruiting and retaining staff and dealing with the consequences that the COVID-19 pandemic, the cost of living, and economic contraction, are having on their organisations.

There are changes which can be made that will help alleviate some of the current problems over the longer term and collaboration on certain aspects such as sharing sought-after skills and aligning practices on flexible working and market supplements that may help some recruitment and retention issues in the short term.

There are also opportunities for Government and other external bodies to help in terms of alleviating some workload pressures, specifically relating to financial reporting, external audit and grant administration.

However, sufficiency of funding underpins the findings and recommendations and, until that problem is addressed, then it is difficult to see how the growing risks of financial failure across councils, as a result of capacity and capability issues, recede.

Access the full 'Local government finance capacity and capability study' on the Local Partnerships website

Local government finance capacity and capability study | Local Government Association

FOR INFORMATION

For the Audit Committee Members and Executive Directors

"HEAVY-HANDED" DEBT COLLECTION FUELS 'MENTAL HEALTH PROBLEMS'

Councils have been urged against "heavy-handed" approaches to debt collection by the associate director of the Joseph Rowntree Foundation.

Helen Barnard was speaking at the District Councils' Network annual conference on Thursday, where she highlighted the challenges faced by residents who fall behind on their council tax bills.

Ms Barnard stated that most of the debt accrued by residents was owed to central government and local authorities, and stressed the impact heavy-handed debt collection can have on people, while also not increasing the council's income.

She said: "Four and a half million households are getting into debt; they can handle immediate hardship, but they also have a long hangover so even if people are doing a bit better, they are still paying off this debt.

"I want to focus on debt collection. By and large, it's not consumer debt, it is overwhelmingly debt to national government, or its debt to local government. It's council tax debt, or its utility company debt."

She added: "Heavy-handed aggressive debt collection approaches fuel hardship and mental health problems."

English councils referred around 280,000 households to bailiffs over council tax debt during 2020-21, according to the Observer. And also requested "attachments on benefits" for over 117,000 council taxpayers, deducting money from their benefits to clear arrears.

Ms Barnard's comments come in the wake of research by the BBC that shows councils in England chased over 60,000 adults for unpaid social care last year, taking legal action against 330 people between 2021 and 2022.

Council tax is set to rise across England from April after the government granted local authorities powers to raise the amount by up to 5% without holding a referendum.

Heavy handed debt collection fuels 'mental health problems' | Local Government Chronicle (LGC) (lgcplus.com)

FOR INFORMATION

For the Audit Committee Members and Executive Directors

KEY PERFORMANCE INDICATORS

QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit Committee meetings, pre-meetings, and contract reviews have been attended by either the director or audit manager	G
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	G
Quality of Work	We continue to receive largely positive feedback, however we have not received survey responses for all the reviews we have concluded and encourage management to respond so that we can continue to improve	G
Completion of audit plan	We are on track with delivering this year's internal audit plan	G
Follow-up of recommendations	This is scheduled to be reported at the next Audit Committee.	G

SURVEY RESPONSES

Audit Area	Rate our understanding of the Business	Rate our communication	Rate the audit's contribu-tion to adding value	Rate closedown meeting re discussing and agreeing findings	Was the report clear and concise	Agreement with stakeholders obtained prior to distribution	Recommendations constructive and practical?	Did our work add value	Overall audit experience	Would you recommend BDO to others?
22/23										
Building Control & Development Management	Feedback requested but not yet received, although a positive email note received: "Thank you for circulating your final report which I will share with the Building Control and Development Management Teams. I also wish to place on record my thanks to yourself and Charlotte for an adeptly managed audit. I have received some very positive feedback from staff and will complete the online survey. "									
Recruitment and Retention	Feedback requested but not yet received									
Cyber Security	Feedback requested but not yet received									
Corporate Governance and Performance	3	4	4	4	Agree	Disagree	Agree	Strongly Agree	3	Yes
21/22										
IT Architecture	4	5	5	5	Strongly Agree	Strongly Agree	Strongly agree	Strongly agree	5	Yes
GBC - Main Financial Systems	4	5	4	5	Strongly Agree	Strongly Agree	Strongly agree	Strongly agree	5	Yes
Main Financial Systems	5	4	5	5	Strongly Agree	Agree	Strongly agree	Strongly agree	5	Yes
GBC - Taxi Licencing	4	4	4	4	Strongly Agree	Agree	Agree	Strongly agree	4	Yes
Homelessness & Temporary Accommodation Audit Report	4	5	4	4	Agree	Agree	Agree	Strongly agree	4	Yes
Risk Maturity	4	5	5	5	Strongly Agree	Strongly Agree	Strongly agree	Agree	5	Yes
Health and Safety	3	4	3	4	Agree	Agree	Disagree	Strongly agree	3	Yes
Corporate Project Management	4	4	4	4	Strongly Agree	Agree	Agree	Agree	4	Yes
20/21										
Council Tax and NNDR October 2020	4	5	4	5	Agree	Strongly Agree	Strongly agree	Agree	5	Yes
Sickness Absence and Management	4	5	5	5	Strongly Agree	Strongly Agree	Strongly agree	Strongly agree	5	Yes
Average	4	4.5	4	4.5					4	Yes

As part of our continued aim to deliver exceptional client service, we request the completion of a short satisfaction survey after each audit. Please see above with regards to scores received from the audits completed thus far. We aim to achieve a minimum of 4 on each area on a scale of 1 - 5 with 5 being excellent.

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

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

RECOMMENDATION SIGNIFICANCE DEFINITION

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

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