

The background of the entire page is a dense field of white umbrellas, viewed from a high angle. The umbrellas are packed closely together, creating a textured, geometric pattern. In the lower-middle section of the image, one umbrella stands out as a vibrant red, providing a focal point and a visual metaphor for standing out or leadership.

INTERNAL AUDIT PROGRESS REPORT

GEDLING BOROUGH COUNCIL

2024/25

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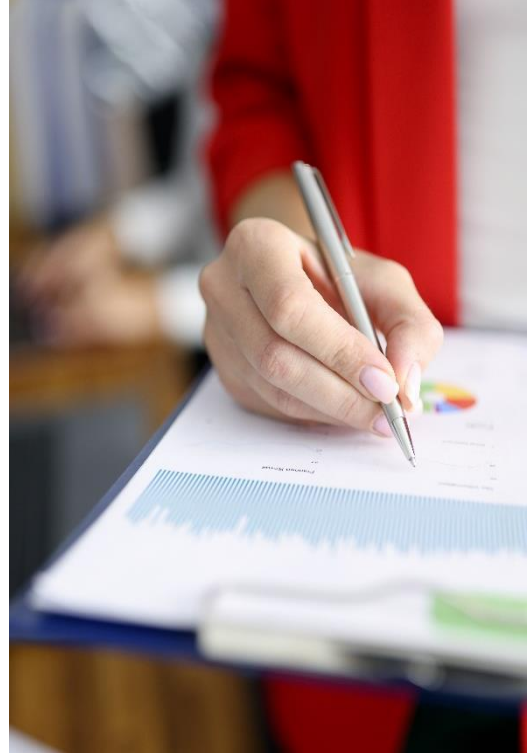
SUMMARY OF 2024/25 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2024/25 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

INTERNAL AUDIT METHODOLOGY

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



2024/25 INTERNAL AUDIT PLAN

We are pleased to bring the following reports to Committee:

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

2024/25 INTERNAL AUDIT PLAN

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

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

CHANGES TO THE 2024/25 INTERNAL AUDIT PLAN

There have been no changes to the Internal Audit Plan.

REVIEW OF 2024/25 WORK

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

REVIEW OF 2024/255 WORK

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

MAIN FINANCIAL SYSTEMS

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

Design Opinion



Moderate

Design Effectiveness



Moderate

Recommendations



SCOPE

BACKGROUND

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

AREAS REVIEWED

The following areas were covered in this review:

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

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

 AREAS OF STRENGTH

We identified the following areas of good practice:

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

 AREAS OF CONCERN

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

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

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



CONCLUSION

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

Control Design

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

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

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

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

Control Effectiveness

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

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

BUDGET SETTING AND EFFICIENCY SAVINGS

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

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



SCOPE

BACKGROUND

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

AREAS REVIEWED

The following areas were reviewed as part of this audit:

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



AREAS OF STRENGTH

We identified the following areas of good practice:

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



AREAS OF CONCERN

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


CONCLUSION

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

Control Design

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

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

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

Control Effectiveness

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

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

GDPR INFORMATION AND GOVERNANCE

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

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



SCOPE

BACKGROUND

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

AREAS REVIEWED

The following areas were covered as part of this review:

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

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



AREAS OF STRENGTH

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

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


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

 AREAS OF CONCERN

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

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

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

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

ARE WE IN THE AGE OF THE LATCO?

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

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

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

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

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

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

FOR INFORMATION

For the Audit Committee Members and Executive Directors

OFLOG CAN ACT AS 'BIG BROTHER' TO PEER CHALLENGE

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

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

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

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

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

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

FOR INFORMATION

For the Audit Committee Members Members and Executive Directors

LEVELLING UP PROJECTS SEE 'ASTONISHING' DELAYS

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

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

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

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

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

FOR INFORMATION





For the Audit Committee Members and Executive Directors

KEY PERFORMANCE INDICATORS




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

APPENDIX I

OPINION SIGNIFICANCE DEFINITION

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

RECOMMENDATION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

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