

The background of the entire page is a dense field of white umbrellas, viewed from above. The umbrellas are arranged in a somewhat regular pattern, creating a textured, geometric effect. In the center of the page, one umbrella is a vibrant red, standing out prominently from the sea of white. The lighting is soft, highlighting the folds and ribs of the umbrellas.

# **INTERNAL AUDIT PROGRESS REPORT**

Gedling Borough Council

2024/2025

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# SUMMARY OF 2024/2025 WORK

## INTERNAL AUDIT

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



## INTERNAL AUDIT METHODOLOGY

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

## 2024/2025 INTERNAL AUDIT PLAN

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

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

- ▶ Housing Benefits
- ▶ Carbon Management Strategy.

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

- ▶ Cemeteries and Pet Cremation Services.

Planning is underway in respect of the following audits:

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

We anticipate presenting these reports at future Audit Committee meetings.

## CHANGES TO THE 2024/2025 INTERNAL AUDIT PLAN

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

# REVIEW OF 2024/2025 WORK

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

# HOUSING BENEFITS

## CRR REFERENCE: 2. FAILURE TO MAINTAIN FINANCIAL INTEGRITY

Design Opinion	<b>S</b> Substantial	Design Effectiveness	<b>S</b> Substantial
Recommendations	<b>0</b>	<b>0</b>	<b>3</b>



**SCOPE**

**BACKGROUND**

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

**PURPOSE**

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

**AREAS REVIEWED**

During this review we:

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

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

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



## AREAS OF STRENGTH

We identified the following areas of good practice:

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



## AREAS OF CONCERN

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



## CONCLUSION

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

### Control Design

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

### Control Effectiveness

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

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



# ENVIRONMENT - CARBON MANAGEMENT STRATEGY

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

Design Opinion	<b>S</b> Substantial	Design Effectiveness	<b>M</b> Moderate
Recommendations	<b>0</b>	<b>2</b>	<b>3</b>



### SCOPE

#### BACKGROUND

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

#### PURPOSE

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

#### AREAS REVIEWED

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

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

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

 AREAS OF STRENGTH

We identified the following areas of good practice:

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


 AREAS OF CONCERN

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

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

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

		<p>discussions and practical applications of the knowledge gained.</p> <p><b>Management Response:</b></p> <p>Recommendations accepted.</p> <p>Target Date: 30 June 2025</p>
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 <p><b>CONCLUSION</b></p>	<p>Overall, the Council has a clear vision and road map for getting to net zero, this is supported by committed and passionate staff, and robust controls in delivering its carbon management strategy. With some further work on the areas noted in this report it will be in a sound position to build on its current successes.</p> <p>We have concluded that the control design is substantial and the control effectiveness moderate.</p> <p><u>Control Design</u></p> <p>The control design is substantial because the Council has a strategy in place with accountable action owners and robust governance to oversee its implementation. The Council has made tangible progress on emissions reduction, with a 22% decline in its carbon emission baseline from 2019/20 to 2022/23.</p> <p>The Strategy's commitment to staff engagement and training further enhance its potential for success.</p> <p>The Council has also implemented a Climate Impact Assessment template to ensure Council actions, decisions and policies, considers environmental impact.</p> <p><u>Control Effectiveness</u></p> <p>The control effectiveness is moderate however as we have identified some areas for improvement with regard to the effectiveness of the controls in place:</p> <ul style="list-style-type: none"> <li>▶ A lack of specific and measurable targets in the Action Plan to enable robust progress tracking.</li> <li>▶ Absence of costed action plans to provide financial visibility and capability towards achieving targeted emission reduction plans footprint.</li> <li>▶ Lack of quantitative analysis of the carbon reduction impact achieved from funded projects opportunities</li> </ul> <p>The absence of monitoring and measurement of Scope 3 emissions, limiting the Council's ability to fully understand, manage, and reduce its overall carbon footprint also contributed to this opinion. However, we do acknowledge that this is complex, and most organisations have difficulties in completing this.</p>
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## SECTOR UPDATE

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

### THE INTERNAL AUDIT AND RISK AGENDA

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

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

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

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

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

Article attached.

#### FOR INFORMATION

For Members of the Audit Committee

### INTERNAL AUDIT AND RISK AGENDA SPOTLIGHT ON

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

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

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

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

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

#### FOR INFORMATION

For Members of the Audit Committee and Executive Management.

### TRANSFORMING PUBLIC PROCUREMENT - INTRODUCING THE PROCURMENT ACT

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

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

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

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

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

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

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

#### FOR INFORMATION

For Members of the Audit Committee and Executive Management.

#### THE NEW WORKER PROTECTION ACT & SEXUAL HARASSMENT IN THE WORKPLACE

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

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

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

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

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





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

**FOR INFORMATION**

For Members of the Audit Committee and Executive Management.







## KEY PERFORMANCE INDICATORS




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of Work	We have not yet received survey responses for 2024-25 audits. We received four survey responses for audits completed in 2023-24 with an average score of 4.75/5 for the overall audit experience. We also received an average score of 4.75/5 for the added value from our reports and the constructiveness of our recommendations. We continue to send out feedback surveys when issuing our final reports.	
DELIVERY	KPI	RAG RATING
Completion of audit plan	Half of the plan is either at fieldwork or reporting stage. We anticipate 7/9 of the 2024-25 audits to be presented to Audit Committee before December 2024, representing significant progress and likelihood of full completion of the plan by March 2025.	

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
<b>Substantial</b> 	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.
<b>Moderate</b> 	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.
<b>Limited</b> 	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.
<b>No</b> 	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	
<b>High</b> 	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.
<b>Medium</b> 	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.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

**FOR MORE INFORMATION:**

**Gurpreet Dulay**

Gurpreet.Dulay@bdo.co.uk

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

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