

# INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager                      **SUBJECT:** Cloud Applications and Hosting Contracts

**TO:** Head of Customer and Digital Services                      **DATE:** 24 October 2023

**C.C.** Chief Executive  
Deputy Chief Executive  
Head of Finance  
Transformation Lead  
Application Support Team Leader  
Portfolio Holder (Cllr Harrison)

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## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jot Bougan, IT Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 Cloud hosting is the ability to make applications available over the Internet, as opposed to running them on infrastructure located on-premise. The majority of leading software vendors now offer cloud versions of their core applications and other Software-as-a-Service (SaaS) applications are also available on the web.

## 3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.
- 3.2 In terms of scope, the audit covered the following risks:
1. The Council pays for software services that do not meet operational requirements.

2. The Council fails to identify the “whole life” costs of a system.
3. The Council cannot prove best value for cloud systems.
4. GDPR data breach as a result of personal data not being held in secure cloud environments.
5. Security assessments of cloud services are incomplete and do not cover all risk areas.
6. There are no formal contracts for cloud-based applications.
7. There is no formal corporate policy on procuring cloud-based applications.
8. Roles and responsibilities for procurement and due diligence are not clearly defined.
9. Critical services are disrupted.
10. Onward travel is achieved to other Council systems through poorly secured Cloud services.

3.3 These were drawn from a combination of risks identified in the Significant Business Risk Register, the departmental risk register, and discussion between the Internal Auditor and the Head of Customer and Digital Services.

3.4 The work will help to ensure the Confidentiality, Integrity, and Availability of the Council’s data. Whilst this does not directly help the Council to achieve any specific objectives, it has a cross-cutting impact on several internal themes and objectives as set out in the Business Strategy.

## 4 Findings

### 4.1 Recommendations from Previous Report

4.1.1 An audit of Cloud Applications was undertaken in 2019. However, the recommendations made in that report were not specifically considered, other than where relevant to the risks and controls covered as part of this review, as they largely related to two specific pieces of software.

### 4.2 Financial Risks

#### 4.2.1 **Potential Risk: The Council pays for software services that do not meet operational requirements.**

For procurements over the value of £25,000 there will either be a formal tendering exercise with an Invitation to Tender (ITT) being issued to potential suppliers along with a specification that sets out the Council’s requirements, with the responses being evaluated on quality, price and corporate social responsibility, or the Council will make use of an agreed framework which includes software solutions that will meet the Council’s needs.

The Code of Procurement Practice also highlights that (procuring) officers have the responsibility to ensure that any necessary legal, procurement, finance, HR, ICT, risk management, technical support etc. is identified and engaged in good time, i.e. ensuring that all appropriate stakeholders and subject matters experts are included in the procurement process.

System demonstrations and user testing can also be undertaken, although these fall within the system implementation stage which was not included within the scope of this audit.

There has, however, been one recent case where a system was procured that did not meet the needs of the Council. This situation was confidentially reported to Overview and Scrutiny Committee in November 2022 with a number of actions being set out based on the lessons learned.

As this issue had already been identified and reported to Committee, no further review of the procurement of that system was undertaken as part of this audit.

#### 4.2.2 **Potential Risks: The Council fails to identify the “whole life” costs of a system / The Council cannot prove best value for cloud systems.**

The Crown Commercial Service G-Cloud 13 framework is the preferred route to market for new software solutions. The framework only offers cloud-based software and is used in the pursuance of observing the Government’s “cloud first” policy. This is not mandatory, but strongly recommended for organisations outside of central government.

Cloud first is not the same as an all-cloud policy and it is important to achieve a balance of the various options based on specific technical and operational needs. In all cases, the Council must ensure it can evidence a decision, business case and value for money behind the provisioning choice; securing the best mix of quality and effectiveness for the least outlay over the period of use for the goods or services bought.

Another limitation of the G-Cloud 13 framework is the contract length, which is a maximum of four years. For key software solutions, this could mean going back to market after a relatively short period of time just when a new system is starting to bed down.

Through discussion, it was established that ICT staff are not always engaged early in the procurement process to allow a full technical needs assessment to be undertaken.

#### **Recommendation**

**Procurement and ICT should agree on a process that allows all delivery options for new software solutions to be considered and fully evaluated.**

#### 4.3 **Legal and Regulatory Risks and Other Risks**

##### 4.3.1 **Potential Risk: GDPR data breach as a result of personal data not being held in secure cloud environments.**

The Procurement Initiation Document (PID), which is used for procurements over £25,000, includes a requirement for a Data Protection Impact Assessment (DPIA) to be performed. For procurements with a value below

this threshold, the service area is responsible for completing a DPIA and are supported by the data protection team.

4.3.2 **Potential Risks: Security assessments of cloud services are incomplete and do not cover all risk areas / Onward travel is achieved to other Council systems through poorly secured Cloud services.**

The ICT service introduced a Cloud Service Assessment Framework (CSAF) in March 2023 to help evaluate the security of new cloud services. The framework is based on the National Cyber Security Centre (NCSC) Cloud Security Principles, which are designed to help choose a cloud service provider. A review of the framework found that it covers 16 areas and includes all key security controls.

However, there are no documented procedures in place to support the CSAF in terms of when it should be completed, specific roles and responsibilities, evaluation and sign-off.

**Recommendation**

**Documented procedures should be developed to support the Cloud Service Assessment Framework.**

The CSAF is comprehensive and is suited to the procurement of large software solutions that are subject to a formal tender exercise. It is not integrated into procurements where a formal tender exercise is not followed, such as when a specification of Minimum Mandatory Requirements (MMR) is used to evaluate supplier offerings. Security requirements in the MMR are limited to confirming cloud solutions are accredited to ISO 27001 and utilise TLS 1.2 for network security.

In addition, the CSAF is too detailed for evaluating smaller SaaS solutions where only a limited amount of security information may be available. In such cases, a shorter assessment should be used to provide security assurance over the application. As a minimum, the assessment should include the following:

- Geographical location of data
- Encryption at rest and transit
- Availability of Multi-Factor Authentication (MFA)
- Security accreditations held by the supplier
- Security intelligence i.e. known vulnerabilities, previous breaches, etc.

**Recommendation**

**A cloud security assessment should be integrated into the MMR and a shorter assessment should be developed for smaller cloud applications.**

#### 4.3.3 **Potential Risk: There are no formal contracts for cloud-based applications.**

There is a standard contract for cloud services procured from the G-Cloud 13 framework. Testing undertaken confirmed that contracts exist for two recent cloud software procurements; Insurance system and the Rent Analysis system.

A review of the two contracts found that both had been signed appropriately via DocuSign.

Contracts used to be held in a contracts register on the L:\ drive but are now being moved onto the finance system, where there is a specific contracts module.

#### 4.4 **Reputational Risk**

##### 4.4.1 **Potential Risks: There is no formal corporate policy on procuring cloud-based applications / Roles and responsibilities for procurement and due diligence are not clearly defined.**

In October 2021, a report was taken to the then, Joint Management Team (JMT), regarding ICT's involvement in the procurement of new ICT solutions. It recommended that all ICT solutions be procured in consultation with ICT.

The Head of Customer & Digital Services confirmed that the report was agreed and accepted by JMT, although we are unable to confirm this as minutes of the meeting are not available.

Evidence was obtained during the audit of at least one service area procuring cloud software without consulting ICT nor procurement because of the low value of the solutions. As there is no formal documented policy on ICT procurements, service areas may be unaware of the process to follow.

#### **Recommendation**

**A formal ICT procurement policy, that includes cloud applications, should be documented and approved.**

##### 4.4.2 **Potential Risk: Critical services are disrupted.**

Where a procurement goes out to formal tender, Part 2 of the ITT requires suppliers to confirm they hold information / cyber security accreditations, such as ISO 27001 and Cyber Essentials. The MMR also includes requirement for ISO 27001 certification.

The CSAF confirms the Recovery Time Objective, Recovery Point Objective and backup retention periods for data held in the cloud.

## 5 Summary and Conclusions

5.1 Section 3.2 sets out the risks that were reviewed as part of this audit. The review highlighted weaknesses against the following risks, with some of the findings covering more than one risk:

- Risk 2 – The Council fails to identify the “whole life” costs of a system.
- Risk 3 – The Council cannot prove best value for cloud systems.
- Risk 5 – Security assessments of cloud services are incomplete and do not cover all risk areas.
- Risk 7 – There is no formal corporate policy on procuring cloud-based applications.
- Risk 8 – Roles and responsibilities for procurement and due diligence are not clearly defined.
- Risk 10 – Onward travel is achieved to other Council systems through poorly secured Cloud services.

5.2 In overall terms, therefore, we are able to give a MODERATE degree of assurance that the systems and controls in place in respect of Cloud Applications and Hosting Contracts are appropriate and are working effectively to help mitigate and control the identified risks.

5.3 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

## 6 Management Action

6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr  
Audit and Risk Manager

## Action Plan

## Internal Audit of Cloud Applications and Hosting Contracts – September 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2	Financial Risks: The Council cannot prove best value for cloud systems / The Council fails to identify the "whole life" costs of a system.	Procurement and ICT should agree on a process that allows all delivery options for new software solutions to be considered and fully evaluated.	Medium	Head of Customer and Digital Services / Strategic Procurement and Creditors Manager	ICT will work with the Procurement team to agree an appropriate process and ensure this is embedded within future projects for all software solutions. This can be integrated with work toward recommendation 4.4.1.	29/12/23
4.3.2	Legal and Regulatory Risks: Security assessments of cloud services are incomplete and do not cover all risk areas / Other Risks: Onward travel is achieved to other Council systems through poorly secured Cloud services.	Documented procedures should be developed to support the Cloud Service Assessment Framework.	Low	Head of Customer and Digital Services / Customer and Digital Services (ICT) Cyber Group	The CSAF as recognised in the audit is a relatively new document that has been introduced with the support of colleagues from Procurement. ICT will develop this further to establish formal procedures for evaluation and sign off, ensuring that all appropriate stakeholders are consulted.	29/12/23

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.2	Legal and Regulatory Risks: Security assessments of cloud services are incomplete and do not cover all risk areas.	A cloud security assessment should be integrated into the MMR and a shorter assessment should be developed for smaller cloud applications.	Medium	Head of Customer and Digital Services / Customer and Digital Services (ICT) Cyber Group / Strategic Procurement and Creditors Manager	A lighter version of the CSAF will be prepared for smaller applications as recommended. In addition, a tailored version will be produced for inclusion with MMR documents.	29/12/23
4.4.1	Reputational Risks: There is no formal corporate policy on procuring cloud-based applications. / Roles and responsibilities for procurement and due diligence are not clearly defined.	A formal ICT procurement policy, that includes cloud applications, should be documented and approved.	Medium	Head of Customer and Digital Services / Strategic Procurement and Creditors Manager	ICT will work with Procurement to design an appropriate process and policy that ensures due diligence is carried out and that ICT are actively involved in the approval of solution procurements.  Assistance will be required from the Senior Leadership Team to embed the new policy within their service areas.	31/01/24

\* The ratings refers to how the recommendation affects the overall risk and are defined as follows:

- High: Issue of significant importance requiring urgent attention.
- Medium: Issue of moderate importance requiring prompt attention.
- Low: Issue of minor importance requiring attention.



**FROM:** Audit and Risk Manager                      **SUBJECT:** Conservation and Design  
**TO:** Head of Place, Arts and Economy            **DATE:** 1 December 2023  
**C.C.** Chief Executive  
Head of Finance  
Development Manager  
Principal Conservation Officer  
Portfolio Holder (Cllr King)

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## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 Previously part of a wider audit of Policy, Projects and Conservation, the conservation aspects became an audit of their own in 2017. The audit focuses on structures and processes in respect of:
- Management of the historic built environment within the Council's legislative and regulatory powers and obligations.
  - Ensuring effective consultation input to the mainstream planning process where it applies to the historic built environment.
- 2.2 The most notable developments relevant to this subject since the last audit are:
- Baddesley Clinton Conservation Area (2021)
  - Article 4 Direction for the Sherbourne Conservation Area (2021)
  - Energy Efficiency in Historic Buildings (2023)

## 3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

- 3.2 In terms of scope, the audit covered the following risks:
1. Legal challenges if the council does not meet its duties with regards the review of conservation areas or the protection of listed buildings.
  2. The Council fails to stop inappropriate works to listed buildings or within conservation areas.
  3. Delayed improvement to dilapidated listed buildings should the council fail to address issues in a timely manner.
  4. Lone working staff exposure to unsafe site features and confrontational approaches by members of the public
  5. Failure to have a duty of care for staff who are home working.
  6. Inadequate resources to complete tasks.
  7. Political pressure regarding decisions made.

3.3 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

Contributes for corporate 'Vision' - to help make Warwick District a great place to live, work and visit.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 There were no recommendations made in the audit completed in March 2020.

### 4.2 Legal and Regulatory Risks

#### 4.2.1 **Potential Risk: Legal challenges if the council does not meet its duties with regards the review of conservation areas or the protection of listed buildings.**

The Planning (Listed Buildings and Conservation Areas) Act 1990 is the main legislation which guides the decision making of the conservation officers and the Conservation Advisory Forum (CAF). The Act consolidates enactments relating to buildings and areas of special architectural or historic interest. Having been updated a number of times in line with changes made to the acts that feed into it, the Act was last updated in 2016. The Act is available to view through the Government's legislation website.

The Council's website provides guidance within the planning permission section that links to the Act. This explains about listed buildings and conservation areas and where additional permissions may need to be sought, even in cases where planning permission isn't required.

### 4.3 Reputational Risks

#### 4.3.1 **Potential Risk: The Council fails to stop inappropriate works to listed buildings or within conservation areas.**

When a planning application is submitted, it is automatically forwarded to the Conservation team for their comments if the property or land is listed or within a

conservation area; it is also forwarded if it is near to a conservation area or listed building.

The Council's website provides information and maps of the conservation areas within the district. This gives residents the opportunity to view any restrictions in place when looking at the potential to carry out works or to purchase a property or land. The website provides a link to Historic England and provides guidance on planning applications when a property is listed.

Historic England have an up-to-date database of listed properties across England. Using their mapping function, there is the ability to view specific areas and buildings.

The Council's website has a Local List of Heritage Assets that recognises buildings, structures, landscapes and sites which do not meet the criteria to be listed but which have special significance.

The introduction of the Canal Conservation was adopted four years ago, and more recently in April 2021 an appraisal of Baddesley Clinton Conservation Area was adopted after a public consultation.

Article 4 directions are used to control works that could threaten the character of an area when the works would normally be permitted development. In Warwick District the article 4 direction only relates to changes of use from a house or flat to a small HMO in Leamington, meaning that planning permission would be required for the change of use. The most recent change was the adoption of the Article 4 Direction for the Sherbourne Conservation Area approved at Executive in February 2021. The Council's website details the restrictions and the wards that are applicable. A map is available to download as is a signed copy of the Article.

The Council has published a large amount of guidance on the website regarding planning permission and changes in relation to listed buildings and conservation areas. It includes details of the conservation areas within the district, maps, energy efficiency guidance for historic buildings, as well as information on heritage assets.

The Constitution, last amended 17 May 2023, is detailed on the WDC website. It sets out how the Council operates, how decisions are made and the procedures that have to be followed. The role of councillors is set out on the website, including representing the citizens, making decisions, and reviewing and developing strategy. The portfolio holder for Development Services is listed correctly as Councillor Chris King.

The Conservation team consists of the Principal Conservation Officer and the Assistant Conservation Officer reporting to the Development Manager within the Place, Arts and Economy service area. Decisions are made by the Principal and Assistant Conservation Officers but where further support or advice is needed, they can refer the matter to the Development Manager or to the Conservation Advisory Forum.

The Conservation Advisory Forum (CAF) provides expert, constructive and impartial advice on historic buildings, landscapes and conservation areas. Chaired by the Council's Heritage Champion the forum includes members of local societies, architectural groups and professional bodies. The CAF pages refer to the Heritage Champion along with the Protocol and the Constitution but it doesn't provide a name of the Councillor in the role. The CAF is not listed on the Council's website under the working parties and forums page. Meetings are published on the 'meeting dates' calendar and the links to the meeting provide the agenda and minutes. The minutes and agenda for a CAF meeting held 5 October 2023 were reviewed. They briefly detail the attendees of the meeting and conclusions.

### **Advisory**

**The webpages regarding the CAF may need to be reviewed to check they are up to date.**

#### **4.3.2 Potential Risk: Delayed improvement to dilapidated listed buildings should the council fail to address issues in a timely manner.**

There is a dedicated mailbox for conservation enquiries. When a planning application is validated, a notification is auto generated based on whether the property is in conservation area, listed building or nearby to one, and an email sent to the conservation mailbox. Members of the public can also contact the Conservation team directly should they want to report concerns about works or if they want advice. The Conservation team are also contacted regarding planning enforcement cases where their input is required to support enforcement action.

A sample of planning applications from within the last three years was reviewed. All of the cases selected in the sample were either a listed building or within a conservation area. There were 25 applications in the sample, 8 of the sample were discounted due to the application being withdrawn or ongoing. Of the seventeen remaining in the sample eleven had comments uploaded onto the planning portal. Although a decision had been on the outcome of six in the sample no comments had been uploaded to the portal, two of these had comments in the planning report to accompany the recommended outcome. This shows that in these cases the Conservation team had been consulted with but their comments had not been uploaded to the portal.

### **Recommendation**

**It should be ensured that document are uploaded to the portal, where appropriate, to provide and audit trail showing that the Conservation team have been consulted with and had the opportunity to provide comments.**

Some cases are referred to CAF, this could be because they are controversial in nature or it is difficult to make a decision or if the CAF have suggested they review it. The CAF provide additional input and advice to the Conservation team. Minutes and agendas for CAF meetings are uploaded on the Council's website within the 'committees' area. A selection of these were reviewed and the

discussions included planning applications where additional advice was needed. Where applications are discussed at CAF the outcome is uploaded to the portal as part of the planning application documents.

#### 4.4 **Health, Safety and Wellbeing Risks**

##### 4.4.1 **Potential Risk: Lone working staff exposure to unsafe site features and confrontational approaches by members of the public**

Officers follow the standard WDC lone worker policy that is readily available to all staff on the intranet. Revised in September 2022 and distributed to all staff in January 2023, the policy defines what a lone worker is and sets out the purpose of the policy to ensure employees are alert to the risks presented when lone working. The policy advises staff to check the Staff Alert List prior to visits, ensure they sign in and out of buildings when leaving / arriving for visits, and having up-to-date calendars to show where they are visiting and the expected time frame.

The Conservation team do not use any additional systems for lone working. They follow the policy in place and ensure they communicate frequently to ensure they know each other's whereabouts. The team have completed the lone worker training.

##### 4.4.2 **Potential Risk: Failure to have a duty of care for staff who are home working.**

The lone worker policy includes a section specifically for employees working from home. It advises staff to keep Outlook calendars up to date and reminds managers to be aware of staff who live alone to ensure there are arrangements in place. The team message each other on a daily basis and carry out weekly catch-up meetings. This regular contact ensures that staff are checking in on each other throughout the week.

##### 4.4.3 **Potential Risk: Inadequate resources to complete tasks.**

The workload of the Conservation officers can be variable due to fluctuations in the number of submitted planning applications. When applications are submitted, the consultation request is automatically allocated to the team in cases where the application is a listed building, heritage asset, in a conservation area or nearby to property meeting the criteria. In addition to the automatic cases, they are allocated cases by the Business Managers from within the Development Services Team when advice is sought.

Workload of the officers also includes enquiries from the public, advice on enforcement cases and their own caseload of properties where planning permission isn't required but where there may be restrictions in place and completing the admin responsibilities for the CAF.

As well as providing a consultation and advisory service the team are responsible for conservation area reviews, amendments to boundaries, updating relevant documents and the local listing of buildings. There isn't specific time dedicated to performing these tasks; instead, the majority are completed on an

ad hoc basis. The exception to this are the reviews which the team have not had enough resource to complete for a while.

The team and their line manager are aware of the inability to complete all of the tasks on a regular basis but do not have access to the additional resource that appears to be required.

### **Advisory**

**Consideration should be given to performing a review of the workload and tasks expected to be completed by the Conservation team. This will not only help to prioritise the workload but will make it apparent where and what additional resource is needed.**

## **4.5 Other Risks**

### **4.5.1 Potential Risk: Political pressure regarding decisions made.**

The WDC website has a section on conservation that explains why conservation areas exist and provides guidance on where extra planning controls might be needed. The information provided includes maps showing the areas within the district and guidance on such matters as painting buildings, changing windows and when planning permission will be required.

The documented procedures in place include the guidance provided on the Council's website supported by legislation in place. Decisions are made using the guidance and the legislation. When there are changes in legislation or in Government guidance, the website pages are updated and the updates shared with members.

The guidance for 'Historic Buildings' was updated in Spring 2023. A more recent change concerns energy efficiency in conservation areas and listed buildings. The website provides a large amount of guidance on this and links to government advice so the applicant is aware of how the changes impact them.

## **5 Summary and Conclusions**

5.1 Section 3.2 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks:

Risk 3 – Delayed improvement to dilapidated listed buildings should the council fail to address issues in a timely manner.

5.2 Further 'issues' were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted as there is no significant risk attached to the actions not being taken.

5.3 In overall terms, therefore, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Conservation and Design are appropriate and are working effectively to help mitigate and control the identified risks.

5.4 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr  
Audit and Risk Manager

## Action Plan

## Internal Audit of Conservation and Design – December 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.2	Delayed improvement to dilapidated listed buildings should the council fail to address issues in a timely manner.	It should be ensured that documents are uploaded to the portal, where appropriate, to provide an audit trail showing that the Conservation team have been consulted with and had the opportunity to provide comments.	Low	Development Manager	The Business Managers will be asked to remind their officers to ensure all relevant documents are uploaded as part of the planning application. This will ensure responses from the Conservation team are logged appropriately with relevant cases.	31/1/24

\* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.  
Medium: Issue of moderate importance requiring prompt attention.  
Low: Issue of minor importance requiring attention.



**FROM:** Audit and Risk Manager  
**TO:** Head of Finance  
**C.C.** Chief Executive  
Exchequer Manager  
Revenues and Recovery Manager  
Portfolio Holder (Cllr Chilvers)

**SUBJECT:** Council Tax  
**DATE:** 19 December 2023

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## 1 **Introduction**

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 **Background**

- 2.1 Council Tax includes precept charges set by other authorities in the area, such as Warwickshire County Council, the Police & Crime Commissioner and various town and parish councils within the district. Warwick District Council collect the precepts on behalf of these authorities, and then pay them as appropriate. This is to help fund local services within the community.
- 2.2 Thus far, the current collection of Council Tax for 2023/24 amounts to £92,934,880.78, which is a collection rate of 73.99%, an increase of 8.9% compared to a similar point last year.
- 2.3 Council tax transactions and procedures are processed through the CIVICA Open Revenues management system. There are currently 68,780 domestic properties on the system with a total charge of £132,194,752.79. This figure does not take relief, discounts, or exemptions into account. The banding of each dwelling is determined by the Valuation Office Agency (VOA); bands range from A to H.

## 3 **Objectives of the Audit and Coverage of Risks**

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the

risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

3.2 In terms of scope, the audit covered the following risks:

1. Incorrect banding leading to over or under charging residents.
2. Missed payments not identified or chased up.
3. Refunds are processed without correct checks and authorisation.
4. Non-compliance with Council Tax legislation and internal procedural requirements. (Only the appeals process will be reviewed as the rest of this risk was covered in the audit completed in 2022-23.)
5. Inaccurate billing.
6. Billing which is late or delayed.
7. Improper separation of duties.
8. Ineffective or outmoded systems.

3.3 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

To achieve a balanced budget and maximise available funds to the benefit of the local economy and communities. Overall, this underpins the 'Money' strand of the Fit for the Future (FFF) strategy.

## 4 Findings

### 4.1 Financial Risks

#### 4.1.1 **Potential Risk: Incorrect banding leading to over or under charging residents.**

The Council Tax staff have access to One Note, a shared online file which holds process and procedure guidance and additional information relating to council tax. There are a number of links to relevant documents in the CTAX One Note file. The documents include a presentation tool kit for revaluation of properties. The tool kit explains what revaluation is and how to let the Valuation Office Agency (VOA) know about changes to a property and more.

There is a Visiting Officer training manual in place, last updated in October 2023. The manual sets out the role and provides the processes for contacting the VOA and how to update CIVICA with the information. The manual includes screenshots showing the steps described and refers to relevant legislation, in some places providing links to government internet pages.

There are schedules in place for the generation of lists and to advise the staff of when data can be extracted and changed. These schedules help to ensure processes are completed in a timely manner, including notifying the VOA of new properties or property amendments.

Where a report has been sent to the VOA it is recommended that a copy of it be against the property for future reference. This provides an audit trail which the visiting officers can see where reports have been issued but the VOA has

not taken action, thereby preventing duplication of work. A walkthrough was completed to show where this was saved in the property file.

A weekly report is generated to show 'ghost' properties. These are properties that can't be fully actioned on the system as they haven't yet been banded by the VOA. Alongside this, another report is run showing properties that have been on the list for over 90 days. These reports allow staff to check the build progress and determine if the property is occupied.

Within CIVICA there are a number of reporting functions available, one of which allows the officers to review a council tax property banding report. This report summarises the expected number of properties in each band and the total income due for them. This can be compared with the information provided by the VOA. Where it is identified that new properties have been banded or existing properties have been re-banded these properties can be updated on CIVICA and the reports provide a cross checking function to ensure the bandings are input correctly.

The VOA produces the banding report twice a week - on Mondays and Wednesdays. The officers produce a balancing sheet to show where adjustments or changes have been made to ensure the expected income matches between CIVICA and the VOA report.

Where the banding is changed on a property because the occupants are in receipt of benefits, the Council Tax team send an urgent memo to the Benefits team so the benefit amount can be assessed and adjusted. The council tax bill is put on hold until the new amount has been calculated. The Revenues and Recovery Manager performed a walkthrough of the process on CIVICA showing where notes had been added so other officers are able to see the steps taken and progress made.

#### 4.1.2 **Potential Risk: Missed payments not identified or chased up.**

The team are sent a PDF document on a weekly basis listing all the planning applications received within the last seven days. Applications which may require a visit are identified and added to a spreadsheet. A rough timescale of works is added to the spreadsheet to help determine when the property should be visited. When visiting a property the visiting officer should determine whether the works have been completed and if the property is occupied. A date should be established and the file updated.

Building Control also help to provide up-to-date information on new builds and amended properties. The information held by building control usually includes a completion date which can be included in the report to the VOA. Building Control reports are sent to the visiting team inbox on a weekly basis detailing properties that need to be reported to the VOA.

Once a month the Visiting team review the Building Control reports relating to new properties. This ensures they can keep track of new builds and makes serving completion notes easier. Before a completion note is served the visiting officers should visit the property to confirm it is not still under construction.

When direct debits are collected for council tax payments, a list is generated for payments which fail. This could be due to the customer cancelling the direct debit or not having the funds available. This list is allocated to the workload for the following day. The customer is contacted, usually in writing, to inform them that the payment wasn't taken and they are informed that two payments will be taken on the next billing date. In some cases the payment can be recalculated for the remainder of the year to prevent a one-off larger payment. In cases where the customer has cancelled the direct debit, they are contacted and advised to make a payment by BACS and to set up a new direct debit.

Suspense accounts are reviewed on a regular basis by the designated accountant and the Systems Officer to identify payments received where a reference number hasn't been included. This is not a frequent issue; the majority of occurrences are when a customer has a number of properties and submits payments in a lump sum rather than individual payments for each property. When council tax payments are identified in the suspense account Treasury are informed of the account to transfer them to.

#### 4.1.3 **Potential Risk: Refunds are processed without correct checks and authorisation.**

A walk-through of the refund process was completed with the Revenues and Recovery Manager. Workflow for the officers is automatically created This includes refunds when an account is in credit and the customer has requested a refund. This is usually where the customer has paid in advance and has moved out of the property. If payments had previously been made by direct debit the refund can be processed directly into that account. If this has not been the case the customer completes a refund form and provides a copy of their bank statement, detailing their name and address and the account number and sort code. Refund payments are completed by a different officer to the one processing the refund request. Refunds over £1000 are checked and authorised by the Revenues and Recovery Manager while those over £5000 must be authorised by the Exchequer Manager. A report can be run to show the refunds processed, this details the amount and identifies the officers who have processed the refunds.

Council Tax statements are issued only if there are changes to the account. Paper bills are sent on an annual basis. The diary option in CIVICA allows officers to view online copies of documents sent to the customer, this includes the annual bill.

## 4.2 **Legal and Regulatory Risks**

### 4.2.1 **Potential Risk: Non-compliance with Council Tax legislation and internal procedural requirements.** (Only the appeals process will be reviewed as the rest of this risk was covered in the audit completed in 2022-23.)

The Council's website provides information to customers regarding appealing council tax bands, detailing what can be appealed and who to contact with

contact details. The help page makes it clear that the Valuation Office is responsible for council tax band valuations and not the Council.

The Valuation Tribunal Service have produced appeal guidance booklets. The booklets can be used both by members of the public and by Council officers. The booklets describe the process and detail how to prepare for a hearing including evidence requirements. There are six types of council tax appeals handled by the Valuation Tribunal. The guidance explains the process in a simple, easy-to-understand format. As the guidance is kept up to date, the staff handbook directs officers to review this rather than refer to WDC guidance.

### 4.3 **Reputational Risks**

#### 4.3.1 **Potential Risk: Inaccurate billing.**

Officers receive full training at the start of their employment in the Council Tax team. There is also a large amount of guidance available to them through the shared One Note drive. Discounts and exemptions rely on the customer enquiring or applying to the Council for a discount. Details on how to apply and what discounts and exemptions can be applied for are printed on the annual bill. The customer service centre sometimes identify a customer who might qualify for a discount through information gathered; for example, if they have a customer who is a carer for a member of the household, they can advise them that a discount may be available and refer them to the Council Tax team.

Additional guidance is provided to staff on an ongoing basis as required. An example of this was shown to the auditor where a member of staff had queried the eligibility of a customer for a discount. The Revenues and Recovery Manager had provided a response which was shared with the whole team and the advice was uploaded to the One Note drive for future reference.

Legislation states that there is an assumption to discount. This allows the Council to automatically give discount should they think the customer qualifies. In real terms, however, this could mean discount being given when it shouldn't be, resulting in the customer having to pay additional sums to repay the discount. So, rather than providing the discount without question, the Council Tax team will issue a form to those that might qualify for them to complete. This could be where only one person is registered as living in the property, rather than presume they are entitled to the single occupancy discount the team will always check and confirm with the customer.

The Council's website has a large amount of guidance and advice for customers. Downloadable forms for discounts and exemptions are also available through the Council Tax pages. The guidance online and printed on the back of the bills reminds customers to notify the Council of changes to ensure the correct discount is calculated.

Where reductions are given, they are reviewed on a frequent basis. The method and frequency of the review is dependent on the type of discount. For example, legislation states that the disabled person reduction must be

reviewed annually. So, when a discount of this type is given, the system automatically sets up an annual reminder to review it. Single person discount is reviewed as part of the contract with Bristow and Suitor through the National Fraud Initiative (NFI). Some exemptions are time sensitive so will be automatically cancelled after a set time, e.g. probate exemption is cancelled after 6 months unless an extension is sought. A small number of discounts and exemptions are given as permanent as there is no expected change in the circumstances.

#### 4.3.2 **Potential Risk: Billing which is late or delayed.**

There are clear cut off dates when setting up payments to be taken by direct debit. Customers are advised of this and where the cut-off date is missed for the next billing run, they are advised to make a one-off payment by BACS so they don't end up paying double. The cut-off dates are shared with the Council Tax team on the One Note drive. This allows all the staff to easily find the correct and current information.

Where there are adjustments due to discounts and exemptions these are calculated as a priority to prevent the customer from over or underpaying.

Where payments are declined, due to the customer either not having the funds available or from them cancelling the direct debit, the team make contact with the customer within a couple of working days to either take 2 payments on the following run or to spread the missed payment across the remainder of the year.

#### 4.4 **Fraud risks:**

##### 4.4.1 **Potential Risk: Improper separation of duties.**

Separation of duties has been established, with staff having different access levels to CIVICA. This separates out who can add discounts and exemptions to council tax accounts. Other separation controls include cross-checking between officers. The Revenues and Recovery Manager reviews discounts and exemptions on a regular basis.

Refunds are processed by a separate officer to the one who has input the refund request and refunds over £1000 are checked by the Revenues and Recovery Manager. Any over £5000 must be authorised by the Exchequer Manager.

Direct debits for payments are set up by members of the Council Tax team and not the Revenues and Recovery Manager.

System access is reviewed on a regular basis with updates and changes being made to user accounts if they change role or leave WDC. A list of current system users and their access level was provided. This was checked against the Council Staff List to ensure that access was only given to current staff. The majority of users have the lowest level of access and so are unable to make significant changes to the account. This relies on staff with more

authority to be make the changes once they have been informed of them and have received any relevant supporting documents from the customer.

#### 4.5 **Other Risks**

##### 4.5.1 **Potential Risk: Ineffective or outmoded systems.**

There is a data retention policy in place for Financial Services that includes data for council tax benefit. Data is held on CIVICA as far back as 2000 when the system first became in use. There is no archiving facility so data is held indefinitely. Access to CIVICA is limited and reviewed frequently to ensure the data held is protected and secure and only available to authorised officers.

The system is not, at present, cloud-based although there are plans to move to a cloud-based system in the future. Backups of the system are performed on a nightly basis with mini backups completed every 30 minutes during the day. Changes made to data on the system are auto-saved; historical data is retained so there is an audit trail for the changes made.

The system is updated frequently when new releases or updates are issued by the supplier. This is usually four or five times a year. Before the update is implemented live across the whole system, it is tested to ensure it works for WDC. There are a number of different modules on the system and all releases are managed this way. The update went live on 23 November after fully testing it.

There are 199 users registered on the system for the Council Tax module, at various access levels. A report was run listing the user profiles It included previous as well as current users. Previous users are identifiable and although they can no longer access the system their user profile cannot be deleted. This is because deleting their profile would remove any changes they have completed such as diary notes and uploaded information. To keep an accurate audit trail, the profile is disabled which prevents the user from accessing the system but maintains any work they have completed.

The most commonly-used access levels are one and three. Level one users have a restricted access which allows them to view selected data but not make changes. Level three access allows the user to make changes to the council tax account.

Data is shared between the Council Tax and Benefits team to ensure the information provided by customers is accurate and that the data held by WDC is up-to-date. Some staff, such as those who manage benefit claims, have to have a valid DBS check before they can be given access.

A user list for CIVICA was provided. This showed current users and historical users. The list was checked against the current staff list and all staff who had left WDC had been disabled; where the user had changed role and no longer required access, these users had also been updated and marked up to show that they no longer had access.

## 5 **Summary and Conclusions**

- 5.1 Section 3.2 sets out the risks that were being reviewed as part of this audit. Reassuringly, the review did not highlight any significant weaknesses against these risks.
- 5.2 In overall terms, therefore, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Council Tax are appropriate and are working effectively to help mitigate and control the identified risks.
- 5.3 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr  
Audit and Risk Manager





## INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager  
**TO:** Head of Place, Arts and Economy  
**C.C.** Chief Executive  
Head of Finance  
Business Manager Projects and  
Economic Development  
Portfolio Holder (Cllr Billiald)

**SUBJECT:** Economic Development  
**DATE:** 23 October 2023

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### 1 Introduction

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

### 2 Background

- 2.1 Previous audits of Economic Development have covered two distinct elements of the services provided by Economic Development staff – Economic Development and Enterprise Facilities. These subjects have now been split into two audits, with Enterprise Facilities having been audited in January 2022. This is the first standalone audit of Economic Development.
- 2.2 Economic Development supports businesses within the district, encourages inward investment and promotes tourism working with various partnerships across Coventry and Warwickshire.

### 3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.
- 3.2 In terms of scope, the audit covered the following risks:
1. Destination Management Organisation (DMO) -Shakespeare's England - fails to deliver desired outputs.

2. Failure to deliver Creative quarter or that Creative Quarter proposals do not deliver desired outcomes.
3. Failure to attain contracted outputs of 'new businesses created' and 'jobs created' for Growth Hub.
4. Failure to maximise inward investment.
5. Failure to deliver Economic Prosperity in line with corporate priorities.
6. Ineffective working with town centre partnerships and other organisations involved with business networking and support.
7. Failure to capitalise on opportunities to invest in Leamington.

3.3 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

Economic Development directly supports the 'external' money theme of the new Fit for the Future (FFF) strategy document.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the previous audit reported in January 2018 were also reviewed. The current position for the recommendations relevant for Economic Development only is as follows:

	<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
1	Formal arrangements for the scrutiny of Shakespeare's England's reports and accounts by senior management should be established.	The papers will be circulated on a quarterly basis following the meeting of the Shakespeare's England board.	Reporting is completed quarterly through the Shakespeare's England Board and annually at Cabinet.

### 4.2 Financial Risks

#### 4.2.1 **Potential Risk: Destination Management Organisation (DMO) - Shakespeare's England - fails to deliver desired outputs.**

There is a destination management plan in place for Shakespeare's England (SE) covering 10 years from 2015 – 2025. The plan sets out the priorities and how the outcomes will be measured. Each priority has a nominated Lead to develop a measurable action plan, identifying individuals with responsibility for any actions. The outcomes are available to all partners and previously formed part of the visitor economy reporting for the Coventry and Warwickshire Local Enterprise Partnership (CWLEP). CWLEP dissolved on 31 March 2023 and the Coventry and Warwickshire Growth Hub now manages all enquiries in the partnership.

SE is in the process of becoming a Local Visitor Economy Partnership (LVEP). The Government has proposed a new national structure for Destination Management Organisations to be grouped into Local Visitor Economy

Partnerships (LVEPs). The LVEP for Warwick District will be one which covers all of Coventry and Warwickshire. A report issued at Cabinet 20 September 2023 seeks to agree the approach that the Council take towards agreeing a partnership agreement as a first step towards forming this new LVEP. The report sets out the proposed changes and the benefits of joining the LVEP programme.

The proposal has SE joining Destination Coventry to form the Coventry and Warwickshire LVEP. The aim of the partnership is to work closely and collaboratively with both Visit England and the Government. It aims to provide benefits such as shared marketing opportunities and research projects which would help inform future decision making.

From a public perspective there won't be any change to the services but, behind the scenes, the governance will be changing with frequent reporting and quarterly meetings.

At present we pay £100K per year to Shakespeare's England. The payment is made as a grant rather than an SLA (service level agreement). A report was issued to Cabinet 6 July 2022 which recommended that cabinet approved the grant to SE for 2 years. Previously, KPIs had been included in the report. This couldn't be continued, however, as it wasn't a contract. Legal advice was that instead of KPI's there should be conditions of the grant. Cabinet meetings are broadcast and recorded on YouTube.

Monitoring is completed through regular meetings. The SE Board meet on a quarterly basis. Cllr Billiard sits on the SE Board as her Portfolio covers tourism and she is supported at Board meetings by the Head of Place, Arts and Economy. These meetings are minuted and agendas shared with the Destination Management Plan Steering Group that meets monthly. The group consists of members from the partnership including WDC, SE and WCC The SE Board papers are circulated in advance of the meetings and this includes a Dashboard within which the Conditions of Grant are reported against so both WDC and Stratford District Council can assess performance against these An annual report to WDC Overview and Scrutiny Committee is also presented which reports against the grant conditions.

The Destination Management Plan Steering Group minutes and agendas were shared, showing that the agendas in place ensure discussion is based around the destination management plan and encourage sharing of information between the various partners.

#### 4.2.2 **Potential Risk: Failure to deliver Creative quarter or that Creative Quarter proposals do not deliver desired outcomes.**

Leamington's Creative Quarter is a long-established regeneration partnership initiative which has recently made significant progress with its first development, Spencer's Yard, supported by Future High Street Fund (FHSF).

The second development, also supported by the FHSF, is utilising WDC building assets at Stoneleigh Arms on Clemens Street. Other developments funded by the FHSF include the Leamington Sorting Office and the Town Hall.

Progress is monitored and reported through monthly meetings between the Creative Quarter Partnership Board which includes Complex Development Projects (CDP) who act as the Council's Development Partner. The Partnership Board, chaired by Cllr Billiard, meets monthly to review day to day issues.

The Leamington Transformation Board, set up in 2020 and made up of various elected representatives from all three tiers of local government, meets bi-monthly and provide oversight not only of the projects in respect of the Creative Quarter but also the wider town centre regeneration aspirations.

A report to Cabinet 20 September 2023 provided an update on the projects and made recommendations to help support continued development in Leamington Town Centre with a focus on the Old Town area.

The FHSF must be spent by March 2024. There is a risk register in place to monitor the progress of projects and to manage the risk of the funding not being spent in time.

The update to Cabinet confirmed that Spencer's Yard is due to be completed and opened in Oct 2023. The Town Hall tender has now been issued for contractors with the aim to have them on board by Christmas. Stoneleigh Arms has had a planning application submitted. CDP are managing this project and have contractors in place ready to start once the planning application has been approved (intended to be by November). The Sorting Office in Leamington has a large amount of funding set aside for it with new locations being explored.

All the above projects have been considered in the risk register along with the impact of them failing to be completed (or not having contractors in place) by the deadline for the funding to be used.

#### 4.2.3 **Potential Risk: Failure to attain contracted outputs of 'new businesses created' and 'jobs created' for Growth Hub.**

There are various partnerships in place including those with the Coventry and Warwickshire Growth Hub, Town Councils, the Federation of Small Businesses, Chambers of Trade (L/Spa folded earlier this year, Warwick and Kenilworth still exist), and BID Leamington.

Until recently, there was a partnership in place with the Coventry and Warwickshire Local Enterprise Partnership (CWLEP), which the Council had committed £20K per annum to. However, the partnership dissolved 31 March 2023 as many LEPs across the country ceased trading as part of a Government review. WDC are currently reviewing how the funding will be used in the future.

The Coventry and Warwickshire Growth Hub receives £15K +VAT funding per year. The payment to the growth hub is completed as a grant payment so there is no SLA in place but grant conditions apply. There has previously been poor communication from the Growth Hub but there is a new account manager in place who wants to improve on this. Previously, meetings were not regularly scheduled but the new account manager is trying to raise the

profile and improve communication All the District and Boroughs across Warwickshire are currently working to finalise an effective Service Level Agreement in conjunction with Warwickshire County Council so that the performance against the terms of the SLA can be measured accordingly.

Warwick Town Council receive funding for the Visitor Information Centre (VIC). A report is issued to Cabinet every three years to confirm the funding agreement, as a grant. The last report was issued on 7 December 2022 and approval was gained to fund £25K for a further three years. The VIC provide a business plan which allows monitoring to be completed against them as part of the grant conditions. A report is received from the VIC at the end of each term which outlines how the funds have been used and the impact on the district.

Businesses within the area who pay business rates receive a bill for BID levy on an annual basis. A BID renewal ballot is completed every five years with support from Committee Services. This was most recently completed in March 2023. Cabinet was consulted with regarding the WDC-owned properties within the BID area. The BID levy is collected by WDC by the business rates team and then redistributed to BID.

The other partnerships do not tend to cost the council anything other than officer time. Regular monitoring is ad-hoc as there are no SLAs in place and funding is provided through grant conditions for most of the partnerships. Therefore, reporting is completed at the end of the term or as specified in the conditions.

A newsletter was previously produced on a monthly basis, sharing events and information in relation to economic development activity from across the district. This stopped due to Covid. There are plans to reinstate the newsletter; rather than provide a large amount of detailed information it is intended to be more succinct with bullet points of what is happening in the area. It will also be issued as a more web-based version.

Information about the area is also shared through the West Midlands Combined Authority Investment Prospectus, for example the 2023 edition included a segment on the Creative Quarter.

#### 4.2.4 **Potential Risk: Failure to maximise inward investment.**

Inward investment is mostly led by Warwickshire County Council (WCC). This has been the case for a number of years after a review was completed to reduce the duplication of work.

The Department for Business and Trade (DBT) reports on inward investment in the UK on an annual basis. Warwick District (WD) is frequently the most successful location within the Midlands as far as inward investment goes. This is largely due to the amount of foreign investment received. Data is independently verified and published on the Government website. WCC use the data from DBT to set their KPIs.

In 2021 Warwickshire was reported as the most successful shire county for inward investment in the country; since then it has been within the top three. WD contributes to this being a strong area for Foreign Direct Investment (FDI). In fact, per capita, WD is the strongest area in the Midlands. Despite not attracting the projects that generate the biggest job numbers, the nature of the sectors with projects within the district are of high value.

Projects locally which will positively impact the district include the Creative Quarter in Leamington Spa and the Gigafactory. WD is a prime area for projects due to its location.

WCC and WDC meet frequently to discuss availability of sites, feedback is shared about employment land and pinch points, actions are identified and outcomes discussed. WCC promote available sites at various networking events within the West Midlands and wider events around the UK.

Key sites are promoted to potential investors looking for locations; there is also an online property portal where the sites are shared. WCC monitor data from the site allowing them to see what sectors are looking at WDC's portfolio and where the enquiries are from. WCC provide direct support to customers to help them find sites and support new businesses in the district.

Historically, there was an SLA in place for this partnership but this was scrapped in 2018. There is no formal arrangement in place with WCC for the support and services they provide for inward investment and no fees are charged. The only costs to the partnership are officer time. Both parties benefit from the partnership. WCC has a larger number of connections in various industries and sectors and promotes WDC sites at various networking events as well as monitoring enquiries through the portal.

#### 4.3 **Reputational Risks**

##### 4.3.1 **Potential Risk: Failure to deliver Economic Prosperity in line with corporate priorities.**

While the service area plan sets out measures for Place, Arts and Economy, none of them are specifically for Economic Development. This is due to it being difficult to quantify key goals for the team. There are relevant workstreams included for the Economic Development Strategy for South Warwickshire, Future High Street Fund and associated projects and delivery of the Creative Quarter projects.

At the last audit there was a Prosperity Action Plan in place which was linked to the corporate strategy. The actions on this were mostly completed in 2018.

At present there is no Economic Development (ED) strategy in place but one is being developed to be launched in 2024 for South Warwickshire, with WDC in partnership with Stratford-on-Avon. As there is no corporate strategy in place the ED strategy cannot be fully developed. After being shared for consultation earlier this year (March 2023) residents were asked to take part in a survey and provide comments on the outline of the strategy.

The draft strategy sets out how the local councils will work with local employers and educational institutions and link with outside agencies, to benefit the area of South Warwickshire. The strategy has three key themes - People, Productivity and Places – which are the main pillars of the South Warwickshire local economy. The strategy also identifies five key opportunity sectors, which are intended to not only drive economic growth but help to deliver on ambitious climate change targets. Once approved the strategy will run until 2028.

#### 4.3.2 **Potential Risk: Ineffective working with town centre partnerships and other organisations involved with business networking and support.**

Economy and Tourism meetings are held on a regular basis between WDC and Town Councils. Reports from Warwick VIC are received to show trends across the district. A business plan is reviewed with them every three years.

An annual report is issued to Overview and Scrutiny Committee regarding the achievements of SE. This provides an opportunity to review the partnership before committing to the grant each year.

WDC has commissioned an annual Impact of Visitor Economy report since 2022. This provides a detailed analysis of the visitor economy including economic impact, visitor numbers and employment for the District as well as the west midlands as a whole.

Meetings are held frequently between WDC and WCC to review networking opportunities. WCC help WDC to host a self-funded networking event in WD called Interactive Futures, aimed at the gaming industry. There are plans to increase the event size for next year due to its popularity with additional funding support to come from the UK Shared Prosperity Fund (UKSPF). There is a partnership in place with Noise Gate Media who host the website for the event.

The reintroduction of a newsletter between the partnerships should improve the working relationships and boost networking and support opportunities.

#### 4.3.3 **Failure to capitalise on opportunities to invest in Leamington.**

At present WDC do not invest in businesses and grant funding is not readily available. Although some partnerships are funded through grants, they are not applied for in the traditional sense. In most cases officers report to Cabinet the benefits of the partnership and agree the funding under grant conditions. As we do not actively provide grants or invest in businesses this aspect of the risk cannot be explored further.

Grants are applied for, for economic development purposes, such as the Future High Street Fund and the UKSPF. However, these were covered under the audit of Grant Applications that was completed in June 2023 so have not been covered again under this audit.

## 5 **Summary and Conclusions**

- 5.1 Section 3.2 sets out the risks that were being reviewed as part of this audit. Reassuringly, the review did not highlight any significant weaknesses against these risks.
- 5.2 In overall terms, therefore, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Economic Development are appropriate and are working effectively to help mitigate and control the identified risks.
- 5.3 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr  
Audit and Risk Manager





# INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager  
**TO:** Head of Customer and Digital Services  
Head of Place, Arts and Economy  
**C.C.** Chief Executive  
Head of Finance  
Corporate GIS Manager  
Development Manager  
Portfolio Holders (Cllrs King and Harrison)

**SUBJECT:** GIS and NLPG  
**DATE:** 18 October 2023

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## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Ian Davy, Principal Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 The Council currently uses GGP as its Geographic Information Systems (GIS) with a web interface being provided via CIVICA Community Mapping. The system is used to map various sets of data across multiple layers.
- 2.2 There is a Corporate GIS Team in place that manages the system and updates most of data held although staff from various other departments have access to the system to update their own layers, with the majority of these other users being in the Development Management section of Place, Arts and Economy.
- 2.3 The GIS Team also manage the Council's Local Land and Property Gazetteer (LLPG) which feeds into the National Land and Property Gazetteer (NLPG). This is the de facto addressing solution for all local authorities and is the definitive address list, providing unique identification of properties.
- 2.4 Street naming and numbering is the main source of address change data for the LLPG and, as a result, the NLPG.
- 2.5 These systems are due to be replaced alongside the IDOX Acolaid system used by Development Management with a number of projects being run to look at the different solutions available.

### 3 **Objectives of the Audit and Coverage of Risks**

3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

3.2 In terms of scope, the audit covered the following risks:

1. Fees for street naming and numbering are not collected or are subject to errors.
2. Monitoring by GeoPlace finds inaccuracies in data distributed by the Council.
3. Legal action taken or a decision challenged as a result of data being plotted inaccurately on the system.
4. Errors or delays in processing or applying street naming and numbering requests.
5. Inappropriate street names are applied or are not updated following subsequent relevant events.
6. Spatial or attribute data, which is relied upon by others, is incomplete or inaccurate.
7. Injuries as a result of work being undertaken at a location where spatial / attribute data is incorrect.
8. Insufficient staffing to deal with business as usual and procuring and implementing new planning and GIS systems.
9. Loss and / or corruption of system data.
10. Nobody is accountable for obtaining updated data from external bodies to ensure that the GIS team can update Council systems.
11. Spatial data generated by other teams or external bodies being fed into GIS is inaccurate.

3.3 These were identified during discussion between the Principal Internal Auditor and the Corporate GIS Manager following review of the 'high level' information loaded onto the Grace risk management system which is being trialled by Customer and Digital Services.

3.4 Whilst the work in this area does not have a direct impact on the objectives set out within the Council's Business Strategy, having accurate and timely information on the GIS and LPG systems ensures that other Council services (e.g. electoral registration, planning, grounds maintenance and waste / recycling collections etc.) can operate effectively. Therefore, these risks, if realised, would be detrimental to these services provided by the Council.

## 4 **Findings**

### 4.1 **Recommendations from Previous Reports**

4.1.1 This section is not applicable as this is the first audit of this subject.

## 4.2 **Financial Risks**

### 4.2.1 **Potential Risk: Fees for street naming and numbering are not collected or are subject to errors.**

The Corporate GIS Manager (CGISM) advised that the fees charged are meant to cover the costs of providing the service (in terms of time and effort) (i.e. break-even) and the Street Naming and Numbering Charges page on the Council's website confirms this, stating that:

In our capacity as the naming and numbering authority, we are empowered under Section 93 of the Local Government Act 2003 to make charges to applicants in relation to any administrative costs incurred in the provision of the aforementioned service.

Subsection 3 of Section 93 of the Act specifically highlights that:

The power (to charge for discretionary services) is subject to a duty to secure that, taking one financial year with another, the income from charges under that (power) does not exceed the costs of provision.

The CGISM suggested that Finance generally try to increase the fees in line with inflation (which should cover changes to staffing costs etc.)

The fees for street naming and numbering for 2023 were included in the Fees and Charges report that was presented to Cabinet in November 2022 as appropriate.

The CGISM advised that most applications and payments are received online and are processed once all relevant supporting information has been provided and, once processed, a confirmation letter will be sent to the applicant.

Testing on a sample of recent street naming and numbering applications confirmed that the correct fee had been charged in all but one sampled case where the applicant had been undercharged. In this instance, the CGISM advised that, due to the fact that the fees are only to recoup administrative time spent on the application and the fact the application was simple and very quickly processed, he deemed it not necessary to pursue the additional monies owed.

## 4.3 **Legal and Regulatory Risks**

### 4.3.1 **Potential Risk: Monitoring by GeoPlace finds inaccuracies in data distributed by the Council.**

The CGISM advised that any changes to the LLPG database are uploaded to GeoPlace on a daily basis with the csv (comma separated values) file created from the Council's database containing all of the amendments that have been made to the LLPG since the previous export (i.e. the previous day).

The initial 'upload' cannot be processed unless the file is structurally correct. GeoPlace perform a monthly 'health check' in which the information provided by the Council is checked against information provided by other parties (e.g. Royal Mail, Valuation Office, Ordnance Survey etc.).

A sample health check report provided confirmed that the Council meets the 'Gold' standard for the accuracy of its data and the speed in which any variances are rectified.

The CGISM also provided a sample download from the GeoPlace website which identifies records where there is a variance. These are checked to either confirm that the Council's record is correct or the data needs to be amended and, where necessary, any changes made would appear on the subsequent uploads.

#### 4.3.2 **Potential Risk: Legal action taken or a decision challenged as a result of data being plotted inaccurately on the system.**

The CGISM advised that, in ICT, himself, the GIS Assistant (GISA) and the Application Support Team Leader have access to all data within the system. Staff from other departments should only have access to the layers that are relevant to their work and should all know how to update the system accordingly.

The CGISM and the GISA would deal with new addresses and the plotting of new estates and would also assist Planning if they were having issues with an application. The CGISM highlighted that he is also dealing with the South Warwickshire Local Plan (call for sites), covering both Warwick and Stratford DC area, plotting the sites, and allocating the information against each site.

In terms of the data plotted by ICT staff, there was always the assumption that staff were plotting the information correctly, with no subsequent checking by other staff.

#### **Recommendation**

#### **Sample checking of data plotted by ICT staff should be undertaken by another member of the GIS team.**

The CGISM highlighted that there is a potential issue in that the information provided for inputting may not be accurate when received. If issues are noted, the plans can be retrospectively amended.

As highlighted above, staff in the Development Management section of Place, Arts and Economy have access to and can update the layers that are relevant to them, with the Systems and Business Improvement Officer (SBIO) acting as a 'pseudo manager' for Planning data.

The SBIO advised that various staff within the department have access, covering the various 'Planning' roles as well as Land Charges staff. He advised that staff generally learn 'on the job' with no formal training in the use of the system.

He advised that he undertakes 'plotting audits' on a monthly basis to ensure that the data is being plotted accurately, with planning applications and land charges searches being chosen at random from reports run from the system.

Again, the accuracy of the data plotted assumes that the data provided by the developer is accurate. The SBIO suggested that it would be up to each individual

member of staff to check that the data supplied is accurate and raise queries with the developer where appropriate.

The SBIO provided sample details from the plotting audits undertaken, including both accurate and inaccurate plots identified by his audits. He advised that the inaccurate cases will be reported to relevant officer and copied to their manager so that they can be updated. It was also highlighted that, where a number of inaccuracies are identified from the same officer (as noted in the sample cases provided), this would be flagged with additional training being provided.

Another area where departmental staff update their own data is in relation to the grounds maintenance contract, with the Data and Performance Officer (DPO) from Neighbourhood and Assets being 'responsible' for this data.

He advised that he has editing rights to the relevant layer of the system so that all data relating to the grounds maintenance contract can be updated as required. He is the only person in the department that has this access, with any other staff being able to use the CIVICA system to view the data.

In line with the SBIO's response, the DPO advised that he also received some on the job training although he has largely taught himself to use the system from the user guides available. He also highlighted that he is involved in the new system project and has highlighted a training need.

He suggested that there are roughly 75 to 100 updates required per year, with information coming either off the back of a new development, or a member of the 'Parks' team noting that some elements of the contract need to be amended, with photos and / or annotated copies of the existing map being provided to him in order for the updates to be processed.

As he is the only member of staff within the department responsible for updating the information, nobody checks that the data has been correctly updated, although the amended measurements are used to update the bill of quantities on the contract and amended versions of the maps are made available to the grounds maintenance contractor so that they can bill accordingly, so they should highlight any errors noted.

The CGISM also highlighted that a process runs every night to pick up details of all Council housing stock from the Active H system with spreadsheets produced showing records of all stock and those that do not have an appropriate grid reference entered onto Active H.

The CGSIM confirmed that where the properties without grid references are identified he will obtain the 'eastings and northings' and plot the property on the system and will then provide the information to Business Development and Change Officer in Housing so that Active H can be updated accordingly.

Electoral Ward data is also included on GIS with information being updated by the GIS Team following notification of the changes from the Head of Governance. However, this has not required any recent changes, so it was not specifically reviewed.

#### 4.4 **Reputational and Health, Safety and Wellbeing Risks**

##### 4.4.1 **Potential Risk: Errors or delays in processing or applying street naming and numbering requests.**

Upon review of the Customer and Digital Services Service Area Plan for 2022/23 (2023/24 plans not available at the time of the audit), it was noted that there was no specific performance indicator relating to street naming and numbering. However, the Council's Street Naming and Numbering Policy includes a section on Performance Monitoring which includes a timescale for dealing with requests following receipt of the correct fee (ten days, whilst noting that some requests may take longer to process) as well as timescales for updating the LLPG (five days) and informing all relevant bodies (one calendar month).

#### **Advisory**

**Consideration could be given to including the timescales set out in the policy in the next Service Area Plan for Customer and Digital Services.**

Upon review of the job sheets for the cases sampled for the previous test it was confirmed that all cases had been dealt with in a timely manner once all additional information that had been requested was provided.

##### 4.4.2 **Potential Risk: Inappropriate street names are applied or are not updated following subsequent relevant events.**

The CGISM confirmed that there is an approved list of street names in place.

When names are being chosen, the relevant town or parish council will be contacted to confirm that they are happy with the name. They will also be contacted if a new large development is being built for them to suggest further names or themes if there is an insufficient number of approved names for that parish / town.

The Street Naming and Numbering Policy and Guidance contains relevant 'rules' and conventions that are adopted for both street naming and property naming and numbering.

The sample for the tests referred to above included one case where street names were being chosen. In this case, the names were either on the approved list or were ones approved by the relevant town council.

As the sample chosen only produced one relevant development, a review of other applications received during the current financial year was undertaken to try to identify other relevant cases.

One case was identified where there had been some names approved for the development following discussion between the developer and the parish council. This included a number of names against a theme. However, whilst they were approved, the names were not added to the approved list.

A further application was also received relating to the same parish council. A request for names was passed to the parish council which highlighted that there was only one remaining name included under their specific list. However, whilst they indicated a general theme that could be adopted, they also suggested that there had been other correspondence which did not appear to have been reflected in the approved list.

### **Recommendation**

**All appropriate proposed names should be added to the approved street names list.**

#### **4.4.3 Potential Risks: Spatial or attribute data, which is relied upon by others, is incomplete or inaccurate / Injuries as a result of work being undertaken at a location where spatial / attribute data is incorrect.**

Testing was undertaken on a sample of planning applications and land charges searches to ensure that they had been accurately plotted, based on the plans that had been submitted. These were all found to be accurate, including some that had initially been noted as inaccurate on the plotting audits undertaken by the SBIO.

The CGISM had raised concerns during the audit over the identification of when certain data was being updated. This is covered in 4.5.3 below.

### **4.5 Other Risks**

#### **4.5.1 Potential Risk: Insufficient staffing to deal with business as usual and procuring and implementing new planning and GIS systems.**

The CGISM advised that there is a nominated project manager for the system replacement (Project Manager – Digital Delivery (PMDD)), with the project currently at the system demo stage.

Once the tendering process has been completed and the system has been chosen, there will be a period of parallel running and resourcing requirements will be formally considered prior to this stage of the project.

The PMDD highlighted that the project is in fact two (or three) projects for the replacement for Acolaid (IDOX) and the replacement of GIS (with the third project if a separate system is required for the LLPG, depending on which solutions are chosen), with the procurement likely to go down the framework route. Some soft market testing has been undertaken, but no final decisions have been made.

There are various documents in place to support the project with these being held on a Teams site so that all relevant staff can access them, with resource concerns having been raised in the latest meeting (specifically around the procurement of the different systems at different times). The Business Case also includes details of the expected staff resources, although the project risk register does not specifically mention staff resourcing risks.

## **Advisory**

### **Consideration could be given to updating the project risk register to include staff resourcing risks.**

The PMDD highlighted that, realistically, the GIS Team will be looking to add another position to support the project, although this stage has not yet been reached.

There would also be support from other sections of ICT at different stages of the project (i.e. the Application Support Team Leader, the Desktop Services Manager and the Infrastructure Manager) as well as support from the different services that use GIS and these roles are all detailed on the project stakeholder plan.

#### **4.5.2 Potential Risk: Loss and / or corruption of system data.**

The CGISM confirmed that the system is covered by the normal back-up routines and this was confirmed by the Infrastructure Engineer who provided screenshots from the back-up processes that cover the relevant server.

#### **4.5.3 Potential Risk: Nobody is accountable for obtaining updated data from external bodies to ensure that the GIS team can update Council systems.**

The SBIO provided a copy of an 'external overlay' list (which had been set up by the CGISM) that included both internal and external data that is used by Development and Land Charges staff. This was a work in progress which required further work to identify the origins, frequency of updates and contact details for a number of different sets of data.

## **Recommendation**

**The external overlay list should be completed with all relevant details prior to the new system being implemented, with information also recorded as to who will be responsible for obtaining the updates for each set of data.**

#### **4.5.4 Potential Risk: Spatial data generated by other teams or external bodies being fed into GIS is inaccurate.**

No specific testing was undertaken against this risk, as comments had been received during other testing regarding the need to check accuracy of data supplied before being plotted (see 4.3.2 above).

## **5 Summary and Conclusions**

5.1 Section 3.2 sets out the risks that are under review as part of this audit. The review highlighted weaknesses against the following risks:

- Risk 3 – Legal action taken or a decision challenged as a result of data being plotted inaccurately on the system.



- Risk 5 – Inappropriate street names are applied or are not updated following subsequent relevant events.
- Risk 10 – Nobody is accountable for obtaining updated data from external bodies to ensure that the GIS team can update Council systems.

5.2 Further 'issues' were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted, as there is no risk if action is not taken.

5.3 Although a few weaknesses were identified, in overall terms, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of GIS and NLPG are appropriate and are working effectively to help mitigate and control the identified risks.

5.4 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

## 6 **Management Action**

6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr  
Audit and Risk Manager

Action Plan

Internal Audit of GIS and NLPG – October 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.2	Legal and Regulatory Risks - Legal action taken or a decision challenged as a result of data being plotted inaccurately on the system.	Sample checking of data plotted by ICT staff should be undertaken by another member of the GIS team.	Low	Corporate GIS Manager	Increased checking of data to be undertaken; no formal software currently available to monitor data accuracy of inputting.	December 2023
4.4.2	Reputational risks – Inappropriate street names are applied or are not updated following subsequent relevant events.	All appropriate proposed names should be added to the approved street names list.	Low	Corporate GIS Manager	An additional list of “Inappropriate Street Names” will be incorporated into service.	December 2023
4.5.3	Other risks – Nobody is accountable for obtaining updated data from external bodies to ensure that the GIS team can update Council systems.	The external overlay list should be completed with all relevant details prior to the new system being implemented, with information also recorded as to who will be responsible for obtaining the updates for each set of data.	Medium	Corporate GIS Manager and Systems and Business Improvement Officer	A meeting will be held to assign the responsibilities for updating the external overlay list, with the work to be completed in time for the new GIS to be implemented.	April 2024

\* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

- High: Issue of significant importance requiring urgent attention.
- Medium: Issue of moderate importance requiring prompt attention.
- Low: Issue of minor importance requiring attention.



# INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager                      **SUBJECT:** Grounds Maintenance  
**TO:** Head of Neighbourhood & Assets              **DATE:** 12 October 2023  
**C.C.** Chief Executive  
Deputy Chief Executive  
Head of Finance  
Neighbourhood Services Manager  
Portfolio Holder (Cllr Roberts)

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## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Emma Walker, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 Grounds maintenance refers to the horticultural work that takes place in the parks, open spaces, and town centres across the district. IDVERDE are the current grounds maintenance contractor, and their duties include grass cutting as well as the maintenance of floral bedding, hanging baskets, shrub beds, bowling greens, sports pitches, and meadows. IDVERDE also cut verges on the highway and maintain roundabouts on behalf of Warwickshire County Council.
- 2.2 Although the contract remains the responsibility of Contract Services, the contract specification means that the Bereavement Services, Green Spaces and Sports and Leisure teams are also involved in monitoring performance against the contract. It should be noted that trees and play areas have been excluded from the scope of this audit, due to them being previously covered under the Open Spaces audit in July 2022.

## 3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

- 3.2 In terms of scope, the audit covered the following risks:
1. Costs of contract exceeding allocated budget.
  2. Areas for which the Council is not responsible maintained under the contract.
  3. Risk of contractor going into administration or deciding to withdraw from the contract.
  4. Appropriate levels of insurance are in place.
  5. Service level not clearly defined.
  6. Failure of contractor to deliver services/performance of contractor not to contract specification.
  7. Sub-standard delivery leading to customer complaints/damaged reputation.
  8. Service disruption leading to inability to meet performance targets.
  9. Contractor submits invoices for works not performed.
  10. Injuries to contractors or members of the public as a result of works undertaken.
  11. Failure to meet District's ambition to be carbon neutral within specified timeframes.
  12. Growth within Warwick District outstrips the ability for the Council to deliver services.
- 3.3 A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussions between the Internal Auditor and key departmental staff. The Significant Business and Neighbourhood & Assets Risk Registers have also been reviewed.
- 3.4 These risks, if realised, would be detrimental to the Council with regards to meeting both the internal and external 'Services' element of the Fit for the Future Strategy. The Council has a responsibility to focus on customer needs and ensure that public spaces are well-maintained.

## 4 Findings

### 4.1 Recommendations from Previous Reports

- 4.1.1 The current position in respect of the recommendations from the audit reported in October 2019 was reviewed. The current position is as follows:

Recommendation	Management Response	Current Status
There should be plans in place allowing the service to continue to be maintained in the event of the contractor being unable to complete the work.	A contingency plan for contractor failure has been created and will be drafted and reviewed annually to ensure it is up to date and relevant.	There is a business continuity plan in place between WDC and IDVERDE. This outlines emergency contacts and the emergency mitigations to be taken in several, potential scenarios. This was last updated in July 2022.

<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
Documents should be reviewed and renewed as appropriate and signed by relevant parties.	A performance bond will be agreed and put in place.	A performance bond is in place as was required in the invitation to tender. The bond represents 10% of the annual sum which is in place until the end of the contract period.
Grounds Maintenance is frequently carried out in public areas whilst members of the public are around. The Council has a responsibility to ensure works on Council land are carried out safely. Checks should be in place to ensure risk assessments have been reviewed annually and are relevant to the contract.	Copies of Risk Assessments are updated annually by IDVERDE. This year's copies have been reviewed by the Council and stored in our system. Annual meetings and Health & Safety Audit meetings occur between both contract management teams and include technical Health & Safety officers from the Councils and the Contractors.	IDVERDE have numerous risk assessments in place relating to activities, equipment, locations, environment, and vehicles. These have all been shared with the Council. A review of these risk assessments was conducted by IDVERDE in February 2023 and sent to the Contract Operations & Performance Officer. Health and Safety is also a standard agenda item discussed during contract meetings.

## 4.2 **Financial Risks**

### 4.2.1 **Potential Risk: Costs of contract exceeding allocated budget.**

The current grounds maintenance budget for 2023/24 is set at £1,008,900; total expenditure to date is £665,161. The full year budget for 2022/23 was £866,900. Total expenditure amounted to £982,121, meaning that there was an overspend of £115,221. This was due to several newly-acquired assets being added to the contract. There may also be costs incurred as a result of the fire at the Stratford Road depot. The Neighbourhood Services Manager (NSM) has sought legal advice regarding this, and the Strategic Finance Manager is currently ascertaining the extent of the charges payable by both the Council and IDVERDE. The budget is reviewed monthly with the Assistant Accountant and reviews for cost-of-service provision take place as part of quarterly meetings with the Strategic Finance Manager. Due to COVID-19 and the work towards the merger with Stratford District Council, contract partnership board meetings were suspended; however, these have now recommenced and are attended by the NSM, Head of Assets and area directors at IDVERDE.

The core contract costs are split across twelve months through a bill of quantities. The monthly charge for 2022/23 was £56,411.42. The monthly charge for 2023/24 is £63,923.38. This covers grassland management, soft landscape management, cemetery maintenance, sports areas, wildlife provisions, and the maintenance of water features. The costings of each of these activities is broken down and calculated by multiplying the unit rate in pounds per annum, by the quantity. The cost summary also details optional services

which can be added to the contract. The Council employ a number of the optional services, including highways grounds maintenance, track and bowls attendants, a Temperate Glasshouse technician and the maintenance of water containers and fixed planters. According to calculations undertaken by the auditor, the monthly invoice charges did not amount to 1/12<sup>th</sup> of the costs quoted in the Bill of Quantities. The Data and Performance Officer (DPO) advised that the difference in the monthly invoice against the cost of 1/12<sup>th</sup> of the Bill of Quantities is the multiple lot discount that is applied each year as a result of the contract tender. As IDVERDE are the Council's contractor for both Grounds Maintenance and Street Cleansing, IDVERDE offer an ongoing annual discount to the Council. The annual discount is submitted against their tendered rates, on the basis that they have been awarded more than one contract. For 2022/23, the original discount figure was £169,076. This figure was increased by 3.84% which was the uplift figure applied to all the contract costs for the year as per the terms of the contract, taking the annual discount to £175,568.52. The total discount (£175,568.52) is applied proportionately against the costs of the contract for each of the details listed. The monthly core service cost includes the optional items listed in the Bill of Quantities.

The DPO provided the percentage breakdown for each element of the contract which the auditor was able to corroborate against monthly invoices to the contractor. The percentage breakdown of the contract was multiplied by the discount figure for 2022/23 (£175,568.52). These figures were then divided by twelve to ascertain the monthly discount. The annual discount was then subtracted from the original pricing schedule and divided by twelve to reveal the monthly sum. All monthly sums calculated were substantiated against the monthly charges paid to the contractor. Although there were some discrepancies between the figures evidenced on both Ci Anywhere and Excel, these were a matter of pence and therefore negligible.

Rent is received by IDVERDE on a quarterly basis for the Stratford Rd depot. A lease was signed on 21 April 2021 for the use of this land by IDVERDE; this is not due to expire until 28 March 2029, in line with the main contract. This highlights that IDVERDE are responsible for non-domestic rates, insurance, and utilities as well as the maintenance and general upkeep of the property. IDVERDE are permitted to carry out works to the property on behalf of the Council where authorised, providing that the materials are fit for purpose and building work is conducted in line with the relevant practices. IDVERDE were responsible for paying the electric installation costs at both Kenilworth cemetery garage and Leamington cemetery chapel. IDVERDE use both sites for the storage and charging of equipment and remain liable for the ongoing utility costs incurred at these sites. Monthly meter readings are emailed to the Contract Operations & Performance Officer (COPO) and DPO in order for these costs to be recharged.

Both the vehicles and equipment used for ground maintenance are owned by the Council but leased to IDVERDE; a contract for the purchase of goods and vehicle lease was signed on 24 March 2021. A list of items purchased, the cost, supplier and warranty were provided by IDVERDE at the commencement of the contract. One month after each anniversary of the contract commencement date, IDVERDE should submit a statement of annual account to the Council detailing the contract value, together with all other sums due. The NSM advised that this

has not taken place in recent years due to the frequency with which area directors and contract managers have changed at IDVERDE.

**Recommendation – The contractor should be reminded of their contractual obligation to provide a statement of annual account to the Council at the beginning of each financial year.**

At the request of the Council, IDVERDE are also expected to provide a copy of each year's audited accounts. If the contractor fails to provide these accounts, then the Council is permitted access to all accounting records and financial information belonging to IDVERDE.

#### 4.2.2 **Potential Risk: Areas for which the Council is not responsible maintained under the contract.**

The programme of maintenance work is based on the site list provided to IDVERDE by Warwick District Council (WDC). The contract specification also outlines the frequency and time period in which certain works should take place. Work updates are received by the contractor on a monthly basis so that progress can be measured. Any areas adopted into the contract on behalf of Warwickshire County Council are charged through sundry debtor invoices. Leamington BID are also charged for the purchase of hanging baskets. A number of invoices were obtained through Ci Anywhere to ensure that the charges received for these works were accurate. In all cases tested, the sundry debtor invoice had been coded against the correct ledger. Moreover, in all cases sampled, the payment received correctly reflected the charge issued to the debtor; all charges owed were paid within the same month that the invoice was issued.

As outlined in the contract, variations to operation frequencies and timings are permitted, subject to the prior written approval of WDC. The only contract amendments found during the audit concerned herbaceous borders in Jephson Gardens and an amendment to the contract specification for the cycle path along Harbury Lane to include an eco-hedge cut once a year. Both WDC and IDVERDE can, at any time, agree to vary the contract providing that this agreement is made in writing and signed by both parties. Any variations to the contract are issued to IDVERDE through variation orders. Variation orders are discussed at Grounds Maintenance Liaison meetings as a standard agenda item.

A number of variation orders were obtained through the network files to check that the contractor had been paid accordingly. One variation order was not locatable on the network files, but the contractor had quoted two separate costs for this. The DPO advised that the first payment was for the amenity grass and grass paths which had not been cut since the developers handed the land over to WDC. The second payment was for the remainder of the contract works on site including meadow grass, shrubs, eco hedges and reedbeds. In twelve cases, the variation order had been uploaded against the correct ledger; however, three of these were coded incorrectly and had to be rectified through reversing journals. Of the nine correctly coded samples, all were paid within the time limit. Three samples were not visible on Ci Anywhere, as IDVERDE had not yet invoiced WDC for these costs.

**Advisory – Consideration should be given to reminding staff to save all variation orders to the network files.**

**Advisory – Consideration should be given to reminding staff to check that debits have been coded against the correct ledger.**

#### 4.3 **Legal and Regulatory Risks**

##### 4.3.1 **Potential Risk: Risk of contractor going into administration or deciding to withdraw from the contract.**

There is a dedicated contract manager at IDVERDE who has been in post since February 2023. The roles and responsibilities of the contractor are outlined in the contract specification; the personnel structure also highlights the responsibilities of the contract manager and contract supervisors. The sports and fine turf team are responsible for fertilising and renovating sports areas. Furthermore, a team of two operatives are responsible for carrying out all routine and non-routine work within the district's cemeteries, such as grave excavations, funeral preparations, woodland burials, and chapel maintenance. During the summer season, IDVERDE are responsible for species-specific pruning, controlling weed growth on beds, trimming hedges, and maintaining summer bedding displays and other floral features such as hanging baskets and containers. The contractors are also responsible for the pedestrian maintenance of facilities, including football pitches, hard surface courts and all track and field facilities at Edmondscote Athletics Track.

The contractor is responsible for the proper management, storage and disposal of waste generated by their activities. The cost of any materials lost or damaged as a result of poor storage, handling, security, or transport between sites remains the responsibility of IDVERDE. IDVERDE are responsible for ensuring that its operatives have undertaken all the necessary training to carry out their duties and provide members of staff with suitable uniforms that are fit for purpose.

The contractor is supposed to provide WDC with the details of all new equipment or vehicles acquired, hired, or leased in connection with the contract. The COPO advised that, whilst this took place as part of the tender process, this information would now only be provided if requested. In terms of equipment, IDVERDE are expected to ensure that it has sufficient numbers of equipment and vehicles to provide the services, including allowance for relief equipment and vehicles to cover breakdown times. At any time, WDC can inspect the Stratford Rd depot to satisfy itself that IDVERDE are complying with their contractual obligations with regards to vehicles and equipment.

As well as a performance bond, there is a business continuity plan in place between WDC and IDVERDE. This outlines emergency contacts and the emergency mitigations to be taken in the event of depot unavailability, IT failure, failure of front-line equipment, workforce absenteeism, accidents, financial failure, severe weather conditions, strikes and industrial action. It is the responsibility of IDVERDE to regularly review the plan and ensure that it is fit for purpose; this plan was last updated in July 2022.



**Advisory – Consideration should be given to updating the Business Continuity Plan with IDVERDE on an annual basis.**

IDVERDE also have an IT business continuity and disaster recovery plan in place which establishes the principles necessary to ensure permanent recovery of IT during a business interruption; notwithstanding that, the contractor will be able to continue contract operations and obligations without access to their ICT systems. Scenarios in the plan include loss of power, hardware failure and communication failure.

**4.3.2 Potential Risk: Appropriate levels of insurance are in place.**

The Contract Services team have been provided with copies of the contractor's insurance. IDVERDE have employer's liability insurance, valid until 29 February 2024. A certificate of motor insurance was also provided, covering any motor vehicles belonging to, or in the care, custody, or control of, IDVERDE which is also valid until 29 February 2024. This insures any person driving on the order or with permission of IDVERDE, providing that the person driving holds a valid licence. IDVERDE is also responsible for the insurance charges at the Stratford Road depot which are paid annually.

**Advisory – Consideration should be given to passing copies of IDVERDE's insurance to the WDC Insurance & Risk Officer.**

The Council is not liable for claims due to negligence of the contractor. WDC would not pay any claims for loss or damage caused by IDVERDE; instead, all claims would be redirected back to the contractor. Neither party is liable to the other party for any indirect loss arising in connection with the contract.

**4.4 Reputational Risks**

**4.4.1 Potential Risk: Service level not clearly defined.**

There is no specific business plan in place which sets out the aims and objectives of the contract. IDVERDE do, however, outline their own objectives which are monitored through KPIs. These objectives include:

- All services achieved to service level requirements.
- Rectification notices are resolved within specified timescales.
- Provision of suitably trained staff.
- Minimal accidents and incidents during contract delivery.
- Limited complaints received about the service.
- Social Value initiatives.

Performance measures and targets against these have been built into the contract and are reviewed at monthly liaison meetings. Performance measures include:

- Annual % of grounds maintenance operations completed to schedule.
- Quality of grounds maintenance operations completed to specification standards.
- Number of joint site inspections to ensure grounds maintenance operations are undertaken to an acceptable level.

- Number of rectification notices issued for non-performance.
- % of rectification notices actioned within scheduled timescale.
- Minimum number of staff supplied to ensure contract compliance.
- Number of joint safety checks carried out.
- Number of incidents, near misses and accidents (including those reportable under RIDDOR)
- Number of corporate complaints received.
- % of social value initiatives achieved.
- Progress of Carbon reduction plan.

The standards expected of the contractor are laid out in the contract specification and inspections of the standard of work achieved are formally recorded. The contractor is required to send a representative to attend monthly contract liaison meetings, weekly joint inspections with WDC, annual health and safety review meetings and annual board meetings.

The Contractor is expected to carry out the following operations:

- maintain flower beds to a weed free standard of maintenance by manual means only. Any diseased plants will be removed and reported to WDC.
- remove any dead heads of suitable species and any rogue plants (including bulbs) to keep the display in a healthy and attractive condition.
- apply pest control when needed through the course of the growing season. The use and type of product must be agreed with WDC.
- water the bedding through periods of dry weather to keep the plants in a healthy condition.

IDVERDE must notify WDC of the equipment they propose to use on each standard of grass. Grass in and around play areas, informal football pitches and cemeteries must be maintained to the specified standard. In certain areas, where flowering bulbs have been planted, the contractor is not permitted to cut the grass until 95% of the leaves have turned brown. During the flowering period it is also imperative that the areas which contain bulbs are not encroached upon during mowing operations. IDVERDE are required to maintain shrub beds across the district which include weeding, tidying, and pruning. The shrub beds contain a variety of shrubs including ornamental shrubs, amenity shrubs, fruit trees/bushes, wall/climbing shrubs, herbaceous mixed planting, and ornamental grasses.

The contractor is required to plant and maintain flower beds and fixed planters throughout the district in accordance with the planting plans and programmes supplied by the Green Spaces Development Officer; there is both a Spring bedding display and a Summer bedding display. The Green Spaces team provide the specification for the number and type of plants required. Following removal of Spring bedding and prior to the planting of Summer bedding, IDVERDE prepare the bed and apply an organic fertilizer and water retentive gel to the planting area. Bed preparation is not carried out during wet or frosty conditions as it adversely affects the soil structure. Maintenance of herbaceous beds is carried out ten times per year, avoiding the months of June, December, and January.

Floral containers, including hanging baskets, tubs on poles and floral fountains are maintained on an annual basis throughout the summer. IDVERDE inspect the floral containers on a weekly basis throughout the display period to ensure that all filler spouts and drainage holes are clear and fit for purpose and that all weeds have been removed by hand. According to the work update examined by the auditor, portable floral containers were inspected in June 2023, as per the desired frequency; however, fixed floral containers had not been weeded.

**Advisory – Consideration should be given to reminding IDVERDE to inspect and weed the fixed floral containers where appropriate.**

Annually, prior to the beginning of the football season, the contractor will set out and mark all pitches as required. The sizes of the pitches are agreed between IDVERDE and WDC; it is the Council's policy to move pitches around, if possible, to reduce wear and tear. As part of the pre-match inspection, IDVERDE are also required to check the goal posts and crossbars for safety. Any missing or loose bolts or posts have to be reported to the Council as the Council supplies replacement parts for this operation. Posts are tested to ensure that they conform to British Standards EN 748 2013 and 8462. The contractor is also required to paint all football posts annually during the period between playing seasons.

**Recommendation – The contractor should be reminded to record the weekly inspections for posts and pitches and pass these to the COPO.**

IDVERDE are responsible for maintaining the vegetation around BMX and Cycle Cross tracks owned by the Council. Furthermore, hard surface ball courts across the district for the provision of tennis and basketball facilities are jet washed annually. This operation takes place over the winter period when there is less play on the courts. The pétanque courts, located at Castle Farm in Kenilworth and St Nicholas Park in Warwick are included in the contract, as well as the maintenance of artificial running tracks. Water jumps and their associated run ups must be kept clean and safe as well as hammer and discuss throwing circles. Javelin, shot putt, long jump, triple jump, high jump, and pole vault areas are kept safe, clean, and free of weeds. Sprinklers are also to be kept in a weed and grass free state.

The use of pesticides in or around bodies of water is prohibited unless prior approval has been granted in the form of a licence from the Environment Agency. The contractor must be aware and inform their staff of any waterborne diseases and potential contamination or pollution in water where work will be conducted; if contamination or pollution is found, the relevant operative must inform the Council immediately. IDVERDE are required to help maintain the Ornamental Lake in Jephson Gardens. If the lake fountain is not working, IDVERDE must contact the Council who will arrange for the Council's appointed water features contractor to visit the site and switch the pump back on. Similarly, if foam begins to form in the ornamental fountains, the Council will arrange for an anti-foaming agent to be applied to the water. IDVERDE are also required to identify and provide treatment of foreign invasive species such as Japanese Knotweed, Giant Hogweed, Monkey Flower, and Himalayan Balsam as well as maintain reed beds.

The bird boxes that the Council manage across the district are inspected and cleaned by contractor staff. Whilst on site, if staff notice any animal or bird in distress, then they are expected to report this directly to both the RSPCA and the Council. IDVERDE provide a written inspection list of bird boxes and their current condition to WDC; WDC in turn provide maps, locations, and descriptions of all bird boxes across the district to IDVERDE. IDVERDE are required to supply one standard square bale of straw for nesting swans and oil the eggs of nuisance birds, although this tends to occur only in Jephson Gardens and has seen a decline since the recent outbreak of Avian flu.

As the Council chose to include a track and bowls attendant as part of the optional costings, the contractor provides both an attendant at the Edmonscote athletics track in Leamington Spa and at Victoria Park during the bowls season. These attendants are responsible for the collection, administration and secure storage of all cash taken from the sale of tickets for the use of either the track or for pay and play on the bowling greens.

#### 4.4.2 **Potential Risk: Failure of contractor to deliver services/performance of contractor not to contract specification.**

There is a formal contract in place for the grounds maintenance service; the contract with IDVERDE was renewed on 29 March 2021 and is not due to expire until 28 March 2029. The approved contract limit is £12,500,000; contract spend thus far amounts to £2,935,231.19.

Each month, scores against KPIs are sent by the contractor to WDC as part of the quality monitoring process. These are in the forms of dashboards, representing inspection score averages, inspection grades achieved, pass rates and average scores per month. In the event that any achieved KPI falls short of the relevant target KPI, the contractor:

- agrees with the Council a detailed remediation plan for meeting the applicable target KPI.
- deploys all additional resources and takes all remedial action that is necessary to meet the target KPI.
- carries out the actions identified in the remediation plan agreed by the Council.

At any time, the Council may organise regular and thorough inspections of the contractor's performance to ensure that it is complying with its obligations under the contract. Quality monitoring takes place in the form of joint weekly inspections between IDVERDE and WDC. A spreadsheet of these inspections is maintained on the network files which records the visits which have taken place and the visits that are due to commence. Areas are divided into monthly visits and action plans of rectification measures needed to bring the work into adherence with the contract are highlighted. IDVERDE apply a score of one to seven to the area inspected, where one represents anything considerably below contract; WDC use the same scoring system in order to align with the contractor. In order to monitor the performance of the contract, the contractor is required to attend meetings with the Council and provide management reports on a regular basis. Whilst no major contract deficiencies were located by the auditor, the NSM advised that the contractor has not been performing to

specification of late, particularly with regards to hedges and shrubs. Issues identified in liaison meetings related to weeds, grass and beds not being up to specification, although these were resolved through action points.

#### 4.4.3 **Potential Risk: Sub-standard delivery leading to customer complaints/damaged reputation.**

Any complaints from residents regarding substandard work are emailed to the WDC Contract Services team. Contract officers then upload these complaints/enquiries onto the CIVICA App. Complaints regarding grass surrounding WDC housing estates are passed onto the team via Estate Officers. There is also a webform that residents can complete which is sent to the Contract Services inbox and uploaded to CIVICA accordingly. When investigating any complaint, WDC have the right to examine all relevant contractor files and interview personnel if necessary. If, following investigation, a complaint against the contractor is found to be substantiated, then the Council may issue a Default Notice and monies may be deducted from IDVERDE.

A number of complaints regarding grass cutting and unwanted vegetation were obtained through the CIVICA App. These were then interrogated by the auditor to check that the complaint had been rectified in a timely manner and that the complainant had been advised of the outcome. In all twenty cases the complaint had been effectively rectified by WDC. In sixteen cases, the resident was contacted to advise them of the outcome of their complaint; there were just four cases where this did not take place, although two of these cases were anonymous and so the complainant could not be contacted. Fourteen complaints were rectified by the target completion date; however, the auditor located eight instances in the population data where the initial response to a complaint had not been given by the target completion date.

#### **Recommendation - Officers should be reminded to respond to complaints in a timely manner.**

IDVERDE are issued with rectification notices where work has not been carried out to the satisfaction of the Council. The rectification notice affords them a specific deadline by which they must rectify any issues or substandard work. A spreadsheet of rectification notices is maintained by WDC, outlining the details of the breach of contract, how the contractor should rectify the breach and the deadline for rectification. If the issue is not rectified within the timeframe, however, a default notice is then served at a charge of £17.50. Issues are time-space specific and so if the contractor misses an opportunity to rectify the problem, a default notice is immediately charged; the Contract Services team maintain a spreadsheet of all default notices served. Default notices are signed by the COPO, state the matter or matters giving rise to the notice and require the contractor to remedy the default within a stated period. The contract conditions allow for three rectification notices to be issued in a twelve-month period for the same issue in the same location; after three rectifications, it is an instant default notice for the fourth and any subsequent defaults.

#### **Recommendation - Rectification notice numbers should be included on the Default Notice spreadsheet in order for notices to be matched and located quickly.**

A number of default notices were obtained through the network files. These were then interrogated to check that the contractor had paid the charges. In nine of the cases tested by the auditor, the default notice had been coded against the correct ledger; however, in six cases the charge paid was not visible on Ci Anywhere although two of these had not yet been credited against the ledger. One notice was agreed to be reduced by the NSM and on the remaining notice, the charge showed as £0, where this should have been £17.50. The COPO advised that the mail merge may have failed and because of this, the default notice had not been credited on the ledger. In the charges that were visible, five were paid within the 28-day timeframe and two were paid three months after the due date.

**Advisory - Consideration should be given to reminding the Purchasing & Payments team to ensure that charges payable to IDVERDE are done so in a timely manner.**

**Recommendation - Staff should be reminded to check that once default notice charges are received, the relevant ledger codes are checked to ensure amounts are accurate and that all relevant notices are uploaded accordingly.**

**4.4.4 Potential Risk: Service disruption leading to inability to meet performance targets.**

Grounds Maintenance Liaison meetings take place internally on a monthly basis. These look at health and safety, performance measures, invoices, variation orders, staffing levels, complaints, joint inspections, quality of work, cemeteries, water courses and parks. Bimonthly managers meetings also take place between WDC and IDVERDE. These focus on rectifications, defaults, maintenance work and climate change. Any performance issues have been related to rectification notices or quality monitoring.

**4.5 Fraud Risks**

**4.5.1 Potential Risk: Contractor submits invoices for works not performed.**

Although IDVERDE do have an application system, this is not in use under the contract with WDC. The Contract Services team have been pushing for this; if this system is implemented, it will likely be used by the Street Cleansing function before Grounds Maintenance. A list of sites requiring maintenance is included in the contract specification. This includes the item, cost code, site location, size, and feature details. In total, there are approximately 4351 sites in need of maintenance; this includes hedges, borders, shrubs, and grassland. IDVERDE use 'job manager' which is a data-capture tool used to plan and generate jobs from the annual work programme. It is populated with the addresses of each site and feature as well as quantities and frequencies of each task. Job Manager allows the contract management team to generate the jobs required to deliver the specification for the month ahead. The DRS (dynamic resource scheduler) auto-allocates jobs to teams based on their skills, location, and capacity, calculating the most efficient route between tasks. Each team therefore has a planned work schedule for each day. There are several spreadsheets which outline the routes in which work must be completed. These

exist for both grass cutting and mowing for Kenilworth, Leamington, Warwick, and rural areas. Weed spraying sites and the dates of visitation have also been compiled.

IDVERDE have compiled a work programme of maintenance to be conducted across the financial year. This is divided into months and considers visit frequency, the number of staff available, the team responsible and the fleet of equipment required for soft landscape management, grassland provision, wildlife provision and the maintenance of sports and water areas. Cutting details for both amenity and ecological hedges are monitored through a spreadsheet outlining the measurements, site locations and feature details. The number of gravestones and memorials in need of attendance at cemeteries has also been highlighted. The GIS mapping system is used to detect areas in need of maintenance. As IDVERDE do not have access to WDC's mapping system, the DPO sends updated maps to the contractor which details new areas to be included in the contract; the last up-to-date site list was sent in April 2023.

A number of invoices were obtained through Ci Anywhere by the auditor. These were then interrogated to ensure that the charges accurately reflected the work undertaken by the contractor. In all cases tested, the invoice had been coded against the correct ledger. Moreover, in all fifteen cases sampled, the payment made correctly corroborated the invoices which were reflective of the work undertaken by the contractor; all monies owed were received in a timely manner.

Every operative on the contract is supervised by a team leader. Team Leaders are the first line of supervision on the contract and are responsible for the day-to-day monitoring of their team of operatives. Team Leaders will communicate to their team of operatives the tasks required on each visit along with any health and safety issues that need to be addressed. Team Leaders are responsible for completing the scheduled work programme for their area of work and ensuring that daily completion reports are accurately completed for the Contract Manager. Contract operatives are required to hold certain qualifications, such as a Level 3 certificate in Horticulture, First Aid and the IOSH Managing Safely certificate.

## 4.6 **Health and Safety Risks**

### 4.6.1 **Potential Risk: Injuries to contractors or members of the public as a result of works undertaken.**

IDVERDE have numerous risk assessments in place relating to activities, equipment, locations, environment, and vehicles. These have all been shared with WDC. A review of these risk assessments was conducted by IDVERDE in February 2023 and issued to the COPO. These determine who may be at risk from each activity, along with the hazards, level of risk and control measures required to mitigate these risks. Each assessment is tailored to the specific environments encountered across the contract. For tasks with an inherently higher level of risk, a specific method statement has been compiled to determine the safe system of work to be followed, in addition to specific competences, emergency arrangements and equipment to be used. These

documents are intended to be used by operatives whilst carrying out the work, and so they are written in a style and format suitable for use on-site. The contractor also provides a manned 24-hour communication system to ensure contact is available between the Contractor Manager and the Council at all times.

There is a WDC risk assessment in place regarding contract officer safety. Mitigations for contractor officers include wearing protective equipment and hand washing to prevent disease or contact with chemicals. Staff are also provided with midsole and steel toe capped shoes and gloves to protect against sharp objects. The contract officer health and safety assessment is due for renewal in November 2023.

The contractor is expected to suspend or stop any activity which may be hazardous on, or adjacent to, the site or highway verge and suspend or stop any major works other than safety inspections on children's play areas during periods of high usage i.e., the school holidays. If essential operations are to take place, the contractor will fence off the site to ensure children remain at a safe distance from the works being carried out. They cannot leave tools or equipment unattended on site where they could constitute a hazard, neither can they drive any vehicles across sites or locations close to where children are at play. A speed limit of 5mph is followed when on site; vehicles also have flashing beacons and reversing sirens to warn the public of vehicle movement and operations. The contractor is permitted from causing any obstruction to the passage of pedestrians or vehicles along the public highway, footpaths, and public car parks.

IDVERDE are instructed to notify WDC of their intention to employ a particular pesticide within seven days before its proposed application on site. Notification normally takes place at contract liaison meetings. However, the meeting minutes sampled by the auditor did not provide evidence that this had been done. In spite of this, pesticide application details are recorded and issued to the COPO. This includes a record of all the sites treated, site conditions, pesticides used, the dates on which application took place and pesticide storage details. No pesticide application takes place within the area of, or immediately adjoining playgrounds. The contract officer using pesticides must hold a BASIS certificate and present proof to WDC that employees engaged in this activity are fully qualified; the COPO advised that this does not take place.

**Advisory – Consideration should be given to asking IDVERDE to provide proof of qualifications when using pesticides.**

The health and safety roles and responsibilities of the Contract Manager, supervisors, Health & Safety team, and employees are outlined in the tender documents as well as the COSHH Assessment Procedure. The WDC Health & Safety Policy was last updated in March 2023. This outlines that Heads of Service are responsible for ensuring that all personnel, including contractors, adhere to safety standards within the policies maintained by the Council. Similarly, any employees of WDC, whilst out of the office or on site, must comply with the safety requirements of the contractor.



The Council may monitor and review the contractor's health and safety practice and performance throughout the duration of the contract. As part of this, the contractor shall attend annual review meetings, annual audits and provide a monthly report on all near misses, accidents and all other health and safety issues at monthly liaison meetings with the Council. IDVERDE are expected to adopt safe methods of work for all tasks and comply with the requirements of health and safety law. WDC may suspend the contract if IDVERDE are found to be non-compliant with these standards.

Health and Safety is a standard agenda item discussed during contract meetings; this covers accidents and near misses, insurance claims, inspections, and risk assessments. All health and safety incidents are recorded per month, outlining the date, the nature of the incident and the actions taken as a result. Safety checks are also conducted by WDC Contract Officers during grounds maintenance inspections. These check that transport is in good operational condition, all manoeuvres are programmed, planned, and controlled, working methods are controlled and safe, routes reduce the risk of slips, trips or falls, manual handling methods are used correctly, machinery is operated safely, the correct PPE is worn, and spillages are cleared. A number of safety inspection sheets were obtained through the network files. This list was then interrogated by the auditor to ensure that these checks had been conducted appropriately. In nine of the fifteen cases tested, the outcome of the inspection had been declared safe. The six remaining cases had issues identified during the safety check. Two identified issues regarding the driver side mirror and rear hi-vis lights were rectified by the contractor. No accidents or near misses were reported during the monthly safety checks. In one case, the inspection date had been incorrectly recorded as 2021 instead of 2022 on the form.

**Advisory - Consideration should be given to reminding contract officers to check information is inputted correctly onto safety forms.**

**Advisory - Consideration should be given to reminding IDVERDE to rectify safety issues in a timely manner.**

IDVERDE have many Health & Safety accreditations and all members of staff are provided with health and safety inductions as well as 'toolbox' talks and safety bulletins to deliver health and safety training updates on a fortnightly basis. Natural hazard guidance briefings also form part of these training updates. No IDVERDE operative is permitted to use a ride-on mower until they have passed a full-day course. Specific training and instruction are also given regarding working on slopes, highways and working near watercourses. All tractor drivers are required to hold the NPTC MO1 (Tractor Driving & Handling) qualification. The IDVERDE Health, Safety & Environment handbook is provided to all contract staff and outlines emergency contacts, responsibilities, risk assessments, method statements, workplace safety, personal safety, and on-site safety.

A specific procedure relating to the management of materials has been compiled by the contractor. This includes the handling, delivery, and storage of hazardous, flammable, polluting and combustible materials. This also outlines the steps to be taken in the case of disposal and spillages. An on-site inspection checklist is available to contractors in order to assess aspects of work such as heights, lifting, manual handling, first aid, equipment safety, fire safety and PPE.

Any health and safety issues reported to the COPO are also logged with IDVERDE for rectification.

#### 4.7 **Other Risks**

##### 4.7.1 **Potential Risk: Failure to meet District's ambition to be carbon neutral within specified timeframes.**

Although carbon neutral targets are not mandatory, IDVERDE did put together a green agenda as part of their tender process. Electric vehicles and equipment have been purchased by WDC and schemes such as 'No Mow May' were introduced. The WDC Contract Services team are also working with the Climate team and IDVERDE to implement ecological changes. A Carbon Reduction Plan has been drawn up between WDC and IDVERDE which explores the activities to be undertaken, the responsible persons and relevant timescales. An Environmental Aspects Register has also been drawn up with WDC which looks at the use of vehicles, machinery, equipment, waste, fuel, electricity, gas, compost, and pesticides. Eco Driver training provided by IDVERDE ensures that employees understand their environmental impact.

The timing of all tasks is programmed to ensure compliance with the Wildlife and Countryside Act by minimising disturbance to wildlife. All hedge-cutting operations for example are timed to ensure that nesting birds are not disturbed and allow leaf litter to accumulate underneath for wildlife such as hedgehogs. Mowing operations are timed to ensure the minimum possible impact on the environment, and always allow for meadow flowers to set seed first. The contractor maintains ecological hedges to promote biodiversity and uses mulch where possible as an alternative to pesticide. There is a specific spreadsheet in place for the monitoring of ecological hedges and maintenance details of these have been drawn into an appendix of the contract. This details the specific location of the hedges and their measurement as per the last maintenance date.

**Advisory – Consideration should be given to working with IDVERDE to discuss development of conservation areas and create a habitat disturbance risk assessment.**

WDC have introduced sustainable bedding and electrical equipment; electric hedge cutters and chainsaws are used to reduce noise, emissions, vibrations, and damage to areas. Although supervisor vehicles are electric, collection vehicles are still fuel-based; ride-on mowers were electric but due to a fire at the Leamington cemetery, a decision needs to be made as to whether the use of electrically powered equipment will continue. There are no formal penalties in place against IDVERDE for not meeting carbon neutral targets.

##### 4.7.2 **Potential Risk: Growth within Warwick District outstrips the ability for the Council to deliver services.**

The contract allows for amendments and variations to take place; this ensures that new housing estates or new green spaces can be maintained accordingly. As new estates are completed across the district, highway verges are adopted by Warwickshire County Council. Once a verge is adopted, Warwickshire County Council notify WDC through a Section 38 notice; this verge is then added to the

grounds maintenance contract. Green Space Development Officers are responsible for as and when newly adopted open spaces are added to the contract. All features added to the contract include meadows, shrubs, hedges, and grass.

## 5 **Summary and Conclusions**

5.1 Section 3.2 sets out the risks that were reviewed as part of this audit. The review highlighted weaknesses against the following risks:

- Risk 1 – The contractor is not fulfilling their obligation to provide a statement of account.
- Risk 5 – The contractor is not providing information of inspections on football posts and pitches.
- Risk 7 – Complaints may not be being responded to in a timely manner; default notices may not be easily matched to their corresponding rectification notice; default notice charges may not always be accurate or coded to the correct finance journals.

5.2 Further 'issues' were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted, as there is no significant risk attached to the actions not being taken.

5.3 In overall terms, however, despite the identification of some weaknesses, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Grounds Maintenance are appropriate and are working effectively to help mitigate and control the identified risks.

5.4 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

## 6 **Management Action**

6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr  
Audit and Risk Manager

## Action Plan

## Internal Audit of Grounds Maintenance – October 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial Risk: Costs of contract exceeding allocated budget.	The contractor should be reminded of their contractual obligation to provide a statement of annual account to the Council at the beginning of each financial year.	Medium	Neighbourhood Services Manager	Agreed to implement. Will be discussed at next managers meeting with IDVERDE.	End of October 2023.
4.4.1	Reputational Risk: Service level not clearly defined.	The contractor should be reminded to record the weekly inspections for posts and pitches and pass these to the COPO.	Low	Contract Operations and Performance Officer	A reminder email will be sent to IDVERDE.	Completed 6 September 2023.
4.4.3	Reputational Risk: Sub-standard delivery leading to customer complaints/damaged reputation.	Officers should be reminded to respond to complaints in a timely manner.	Low	Contract Operations and Performance Officer	A reminder email will be sent to Area Contract Officers.	Completed 6 September 2023.
		Rectification notice numbers should be included on the Default Notice spreadsheet in order for notices to be matched and located quickly.	Low	Contract Operations and Performance Officer	A reminder email will be sent to Area Contract Officers.	Completed 6 September 2023.

<b>Report Ref.</b>	<b>Risk Area</b>	<b>Recommendation</b>	<b>Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
		Staff should be reminded to check that once default notice charges are received, the relevant ledger codes are checked to ensure amounts are accurate and that all relevant notices are uploaded accordingly.	Low	Contract Operations and Performance Officer	A reminder email will be sent to the Data and Performance Officer.	Completed 6 September – 2023.

\* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

- High: Issue of significant importance requiring urgent attention.
- Medium: Issue of moderate importance requiring prompt attention.
- Low: Issue of minor importance requiring attention.

**FROM:** Audit and Risk Manager                      **SUBJECT:** Banking Arrangements  
**TO:** Head of Finance                                      **DATE:** 13 September 2023  
**C.C.** Chief Executive  
Principal Accountant  
Portfolio Holder (Cllr Chilvers)

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## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 Banking arrangements are managed by the Capital and Treasury Management team in Finance.
- 2.2 Warwick District Council has always banked with HSBC and its predecessor, The Midland Bank. The contract had a five-year extension which is due to end in February 2025.

## 3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.
- 3.2 In terms of scope, the audit covered the following risks:
1. Inappropriate procurement of banking services.
  2. Suppliers do not receive timely payments due to banking system failures or IT failures.
  3. Bank service provider has undesirable working practices or is owned / operates in an undesirable country.
  4. Unauthorised access to Council funds.
  5. Lack of resource for procurement causing stress on staff and staff having to work additional hours.

6. A change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.
7. Lack of resource due to absence and leave resulting in broken processes.

3.3 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

The banking arrangements themselves have no direct bearing on the Council's objectives under the Fit for the Future (FFF) strategy. However, access to funds to enable other departments to carry out their work will help the Council to meet its overall vision.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the previous audit reported in March 2020 were also reviewed. The current position is as follows:

	<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
1	The payment information screenshots should be included in the retention policy for Finance to ensure that their retention is justified and that they are only held for the appropriate length of time.	The need to retain these will be reviewed and a decision will be subsequently made as to whether there is a need to include these in the retention policy. This will also be considered as part of the implementation of the new Financial Management System.	Treasury data has been considered and included in the retention policy with the information retained for six years.

### 4.2 Financial Risks

#### 4.2.1 Potential Risk: Inappropriate procurement of banking services.

There is a contract in place with HSBC for the banking services. The contract started 1 March 2015. In 2019, a five-year extension was agreed extending the end date to 28 February 2025. As the tendering of the contract and the extension were covered in earlier audits they have not been reviewed as part of this audit. The signed contract and extension were reviewed to ensure the bank and the Council are operating under the agreed terms.

Interest and charges are taken at source by HSBC from the payment account and then coded to the relevant module on the finance system. The bank provides electronic documentation for any charges, which are monitored and maintained by an Accountancy Assistant.

A sample of invoices was provided detailing the fees and charges incurred. These were checked against the payments authorised on CiAnywhere to confirm

they had been completed accurately. The invoiced amounts were in line with the contract.

WDC do not complete reviews to ensure transaction volumes are in line with those included in the agreement. HSBC perform an annual review which highlights variance and informs the Principal Accountant of any changes needed. It is understood that transaction volumes are within the expected range as they have only been asked to approve the overdraft limit.

#### 4.3 **Reputational Risks**

##### 4.3.1 **Potential Risk: Suppliers do not receive timely payments due to banking system failures or IT failures.**

The department risk register includes the risks of loss of IT resulting from a number of potential triggers such as computer breakdown, technology problems, power failure and loss of internet. The mitigation in place includes support from the IT helpdesk, training and various system controls. Mitigation includes good plans and further actions include ongoing review of business continuity plans.

In case of IT issues staff are advised to work from the Council office or contact IT for support. It was confirmed that in most cases another accountant could complete a task on behalf of a colleague if they are experiencing problems accessing the internet from home.

There are a number of documented procedures in place for the day-to-day banking operations. The documents are kept up to date and are clear with screen shots to show the various steps. A discussion was had with the Principal Accountant who confirmed that Accountancy staff have full access to the documented procedures. These documents assist the staff when completing a task on behalf of another officer.

There were no occasions identified within the last five years where the Council has incurred charges for late payments due to IT or system failure.

The risk register will need updating as it refers to training from a staff member who left a number of years ago. None of the mitigations counter the risk of total loss of WDC IT. With officers signing in remotely total loss would prevent them from working and contacting IT support. Some of the mitigations don't relate to the risk identified. These errors could be due to a mistake when transferring the register into the new format on the intranet.

#### **Recommendation**

**The risk register should be reviewed to ensure the information is up to date and that the controls and mitigations in place relate to the risk identified.**



#### 4.3.2 **Potential Risk: Bank service provider has undesirable working practices or is owned / operates in an undesirable country.**

When procuring services and products the Council should be considering various factors about the provider. This includes environmental, social and governance information, ensuring for example that the provider doesn't operate with undesirable working practices or isn't owned or operating in an undesirable country.

WDC has an Ethical Procurement Statement in place which sets out the Council's approach to ethical procurement. The statement lists principles on which it is based on and the expectations of how they will be implemented. Some of the principles include safe working conditions, employees be paid at least minimum living wage and elimination of child labour and inhumane treatment. There are various other procurement policies and statements which are advised to be used when procuring new contracts. These include sustainable procurement, social value and equality procurement.

The climate action plan includes an aim to decarbonise contracts and remove investment in fossil fuels. The code of corporate governance commits to defining outcomes in terms of sustainable economic, social, and environmental benefits, suggesting that impact and long-term views should be considered when making decisions.

These desirable requirements have not been considered in either the significant business or the department risk registers, including under the procurement specific risks. Failure to consider the risks when procuring services, such as a banking provider, could impact the Council's reputation.

#### **Recommendation**

#### **Ethical procurement aspects should be considered in the risk register.**

HSBC (the banking provider) reports on its Environmental, Social and Governance (ESG) performance annually. The report is available publicly and includes information and data on three main areas:

Environmental: sustainability, climate ambitions, finance, biodiversity and water.

Social: employee profile, charitable giving and volunteering

Governance: complaints, suppliers (geographically) and tax

The information shared in the ESG performance report is in line with the Council's Ethical Procurement Statement.

#### 4.4 **Fraud risks**

##### 4.4.1 **Potential Risk: Unauthorised access to Council funds.**

The Council has a constitution document in place which details the scheme of delegation. Section 9 of part 3 of the document details the responsibility of the Head of Finance which includes responsibility for the banking arrangements, the Council's cash flow, investment and borrowing. This section of the document

was last amended and approved at Council 15 March 2023. Part 4 of the constitution includes the code of financial practice. This section was last approved by Council on 22nd April 2015 with a revised version issued to Cabinet in 2021. The code contains details about banking arrangements in part 4 section 7. The details include authorisation limits and occasions where dual authorisation would be required.

A formal bank mandate is in place detailing the authorised signatories, such as the Head of Finance and the Principal Accountants. The mandate still includes the previous Head of Finance, who left in April 2022. The Assistant Accountant confirmed that they would contact the bank to have them removed from the list.

The intranet holds a selection of procedure documents for CiAnywhere. These include processes for logging on, how to navigate around the system and access request forms. Other documents are available, but these do not come up when using the search function and are not saved within the finance system pages. Some of the documents are role-specific so do not need to be readily available, such as how to create a journal and perform year end duties. The lack of linking is likely due to the intranet being new and not everything has been linked to appropriate pages and search functions yet.

The documents are all up to date, mainly due to the finance system still being relatively new to the Council. There are a number of accountancy staff listed who are able to provide further help when completing procedures on the finance system should it be required.

The user list for the finance system details 132 users with varying authorisation limits ranging from £10k to unlimited. At the time of processing, the list was up to date with current staff shown. The authorisation limit for the users is appropriate for the role they carry out and in line with other officers in roles at a similar level.

HSBC.net has accountancy users set up to allow processing of payments. Users can only be added with the approval of the Head of Finance, currently the only officer with administration rights. The banking system has the authorisation limits set up to match those on the mandate and CiAnywhere. The Strategic Finance Manager is in the process of being set up as an administrator on the banking system, to help manage the workflow.

The bank mandate confirms the same delegation and financial controls as those stipulated in the code of financial practice. For authorisations over £50k two of the mandated signatories are required. Although there are procedures detailed for cheques they are no longer used by the Council. The updated code of financial practice also confirms the removal of cheques.

Transaction / statement information is downloaded from HSBC.net on a daily basis. This is checked and a copy is saved to cloud storage.

## 4.5 **Health, Safety and Wellbeing Risks**

### 4.5.1 **Potential Risk: Lack of resource for procurement causing stress on staff and staff having to work additional hours.**

There is not a work plan in place, as staff within treasury have specific roles. The roles and duties are built into the job descriptions so all officers are aware of their responsibilities.

There are processes in place for delegation and authorisation where there could be a conflict of interest, for example accounts who are involved with Milverton Holmes would not authorise payments to them.

The workload is monitored through one-to-one discussions to help ensure staff are not working excessive hours. Although in most cases this works, as you move up the hierarchy it is clear that more senior officers are recording an increasing amount of flexi hours. There are recognised times through the year where hours accrued peak. This includes year-end and during external audits.

Where actions, such as reducing accrued flexi hours, are identified the action is usually agreed by email. This provides an audit trail if required and acknowledges the extra hours worked.

Vacancies within the Accountancy team have recently been filled leaving the team fully staffed.

## 4.6 **Other risks**

### 4.6.1 **Potential Risk: A change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.**

The banking contract is planned to be procurement-ready by January 2024 (due to the workload of the Treasury team). The award would need to be made six months before the new contract starts in January 2025. Should the workload prevent it being ready by January it is expected that an external banking contract expert would be required to put together the banking specifications.

Although there are risks identified in the risk register about the banking provider, as well as procurement risks, system compatibility has not been considered. Discussions with key Accountancy staff and the systems officer confirmed that a change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.

The changes required to the finance system would require an additional budget to cover costs as the change would be a major project with a large amount of work required. There would be a risk of it not being 100% right once completed. The costs of this major project would have to be built into the contract evaluation, as the benefits of changing bank could be outweighed by the project costs.

The Systems Officer confirmed that there would be compatibility issues between the bank provider and the finance system as the current interfaces would have to be written from scratch. Clearly this would be a major project. External support would be required to make the changes and discussion with TechnologyOne to ensure the required changes were possible.

### **Recommendation**

**The additional resource requirements should be considered as part of the procurement exercise.**

#### **4.6.2 Lack of resource due to absence and leave resulting in broken processes.**

There are processes in place that ensure workloads are covered in the event of absence and leave. Although not documented, the team are aware of their responsibilities when covering team members.

Absences and holiday are defined by practice where the team covers various roles on behalf of one another. In most cases, multiple officers are able to provide cover for another role. For one role, however, there is at present only one other staff member who provides cover. To build resilience and to allow the officers to alternate cover, another officer is currently being trained on the role.

The cover currently in place is for short term absence and leave and can be adjusted for situations as needed. Maternity Cover is dealt with at the time, based on needs, usually by employing externally on a short term contract or with agency staff to either cover the post, or backfill an existing officer already trained to cover the post.

### **5 Summary and Conclusions**

5.1 Section 3.3 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks:

Risk 2 - Suppliers do not receive timely payments due to banking system failures or IT failures.

Risk 3 - Bank service provider has undesirable working practices or is owned / operates in an undesirable country.

Risk 6 - A change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.

5.2 In overall terms, however, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Banking Arrangements are appropriate and are working effectively to help mitigate and control the identified risks.

5.3 The assurance bands are shown overleaf:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr  
Audit and Risk Manager

## Action Plan

## Internal Audit of Banking Arrangements – September 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.1	Suppliers do not receive timely payments due to banking system failures or IT failures.	The risk register should be reviewed to ensure the information is up to date and that the controls and mitigations in place relate to the risk identified.	Low	Head of Finance	<p>This is on the risk register with a low likelihood but high potential impact. The CiA system is Cloud-based, and while reliable to date, could be subject to an extended loss of internet and web connections, which could also affect the web-based bank system, with a consequent period that suppliers could not be paid.</p> <p>The risk register will be reviewed in October and then frequently on a quarterly basis to ensure risks and mitigations are relevant.</p>	October 2023

<b>Report Ref.</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
4.3.2	Risk 3 - Bank service provider has undesirable working practices or is owned / operates in an undesirable country.	Ethical procurement aspects should be considered in the risk register.	Low	Principal Accountant	The Council's investment counter-party criteria identifies countries that the Council is happy to accept, and the Council's bank provider would be a UK-based subsidiary or company. The risk register will be reviewed in October and then on a quarterly basis.	October 2023
4.6.1	Risk 6 - A change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.	The additional resource requirements should be considered as part of the procurement exercise.	High	Head of Finance / Principal Accountant	The Council invested a considerable staff resource in setting up the bank interface with the current bank provider. All this work would have to be repeated if there was to be the change in bank provider, which is a major project due to the importance of this interface. Also, the Accountancy team does not have capacity to undertake the tender exercise to obtain banking quotes, requiring external resources.	October 2023

<b>Report Ref.</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
					This is to be discussed with the Procurement Team soon to discuss options.	

\* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

- High: Issue of significant importance requiring urgent attention.
- Medium: Issue of moderate importance requiring prompt attention.
- Low: Issue of minor importance requiring attention.





## INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager                      **SUBJECT:** Local Elections  
**TO:** Head of Governance & Monitoring           **DATE:** 21 November 2023  
Officer  
**C.C.** Chief Executive  
Head of Finance  
Electoral Services Manager  
Portfolio Holder (Cllr Davison)

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### 1 Introduction

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

### 2 Background

- 2.1 The management of elections is carried out by the Electoral Services Manager. She is assisted by other members of staff on a permanent basis and by other Democratic Services staff at peak times.
- 2.2 Elections were undertaken in May 2023 covering 17 District wards and 22 Town and Parish elections. On the day of the elections there were 126 polling stations open for voting and these were staffed by 121 Presiding Officers and 254 Poll Clerks. There were also 31 uncontested parish and town councils.
- 2.3 Verification and counting of the ballot papers being undertaken on the following day at Stoneleigh. Approximately 250 staff were employed as Count Clerks and Assistants to undertake these processes.
- 2.4 Numerous other staff were required for administrative duties and processing postal votes during the election process.

### 3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being

controlled appropriately or whether there have been issues identified that need to be addressed.

3.2 In terms of scope, the audit covered the following risks:

1. Recharges due from local councils are incorrectly calculated or are not received.
2. The Government may not pay the fees to the amount WDC have paid out leaving WDC out of pocket.
3. Elections are not run in accordance with Electoral Legislation and Electoral Commission guidance.
4. Errors in declared results leading to lack of public confidence in the process.
5. Poor processes in place – polling station opening / closing, staffing etc.
6. Not supporting voters who require support e.g. accessibility, impairments etc.
7. Supplier failure (i.e. providers of election equipment).
8. Voter fraud – voter ID and potential for ‘rigged’ results.
9. Safety of voters, electoral staff and other electoral officials due to poor standards of polling stations and equipment or disenfranchised protest groups / individuals.
10. Health and wellbeing of staff working long hours (exceeding the ‘Working Time Directive’) at various stages of the election process.
11. Pressure on staff due from new legislation implemented at short notice.
12. Core staffing expertise unavailable at crucial times.
13. Polling stations inoperable due to access, equipment, staff absence etc.
14. Lack of planning time for ‘snap’ elections.
15. The adequacy of the current processes in place haven’t been considered when the team moves to the new office.

3.3 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

Local elections ensure that Councillors are elected who will, in turn, help the Council shape its corporate priorities.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the previous audit reported in May 2020 were also reviewed. The current position is as follows:

	<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
1	Consideration should be given to the raising of amended invoices where errors have been identified in the cost calculations.	The costs incurred will be reviewed with invoices subsequently being issued for these costs with an explanatory note that	Cost calculations and issuing of invoices for recharges has not yet been completed for the last elections so the

	<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
2	A review should be undertaken on the method of cost calculation in relation to poll cards.	these were identified in the Audit of the accounts.	current status cannot be confirmed.

## 4.2 **Financial Risks**

### 4.2.1 **Potential Risk: Recharges due from local councils are incorrectly calculated or are not received.**

Section 35 of the Representation of the People Act 1983 places a duty on the Returning officer, appointed by the Council, to oversee the election of Councillors within the district. Section 36 of the Act states that all expenses reasonably incurred by the Returning officer shall be paid to that officer by the local authority and that they, in turn, can require local councils to repay such costs. The Council may make a decision to waive or reduce those costs.

The costs incurred for an election include but are not limited to: the Returning officer fee, clerical support, premises costs (count venue and polling stations), polling staff, postage, printing (ballot papers and polling cards), transport, stationery and count staff fees.

There are nationally-set pay scales (fees) for returning officers, presiding officers and polling clerks involved with principal local authority elections. Locally-agreed pay scales can also be set by the Council for officers involved with local council elections, though this is not obligatory.

The calculation of charges for the last election have not yet been completed. This involves working through the costs incurred for the elections and breaking them down into parishes so they can be recharged. This is a lengthy process as costs incurred are often for more than one parish. The designated accountant confirmed that they are currently working through the invoices to enable them to calculate the recharges.

### 4.2.2 **Potential Risk: The Government may not pay the fees to the amount WDC have paid out leaving WDC out of pocket.**

The election accounts have not yet been completed from the last audit so they could not be reviewed for this audit. The last accounts which have been calculated and recharged were for the Police Commissioner election held in May 2021. Although this is not under the normal scope of the Local Election audit it is not covered through over audits so it is appropriate to cover it here.

No money has been received from the Government for the recharges of the Police Commissioner election held in May 2021. Despite submitting the recharges within the required timeframe no payment has been received. This leaves the Council out of pocket for the charges incurred for the election.

The most recent update from the Electoral Claims Unit was that WDC were claim number 341 and were due to be contacted in August or September 2023. The majority of costs were paid upfront but there is still circa £11k that the Council has claimed for but has not yet been paid. The Head of Governance is intending to chase up the status of the claim in early November.

#### 4.3 **Legal and Regulatory Risks**

##### 4.3.1 **Potential Risk: Elections are not run in accordance with Electoral Legislation and Electoral Commission guidance.**

Training is provided to election staff, members and candidates. Training guidance was updated in 2023 to include the change in legislation. Staff had to complete online training, which could be completed at their leisure as long as it was done by a set date. In addition to that, the Polling Station Inspectors and Presiding Officers were invited to attend an online training session carried out on MSTeams. The training material offered had been updated to include the changes in legislation. Additional guidance for the changes in legislation was provided to election staff working in polling stations as print outs. Tools were also included in stationary packs such as placemats showing the acceptable types of ID, accessibility tools and a number of posters provided to display around the polling stations in large print, advising of the support available and to remind voters of the need to show ID.

The online self-managed training included guidance on managing confrontation. The risk of this was predicted to have increased due to the change to provide voter ID. The training gave example scenarios on how to manage and diffuse the situation and what to do if you are unable to calm the person down yourself.

The elections risk register was reviewed. Relevant risks had been included such as the inability to appoint sufficient staff, mistakes by staff and inability to gain access to polling station. It also includes up-to-date risks due to the change in legislation of the requirement of photo ID. The risk register is split into sections across the election process including polling day, staffing, verification and count, and data and security. The mitigations and preventative controls rely on early planning, effective communication, training, guidance notes and handbooks.

#### 4.4 **Reputational Risks**

##### 4.4.1 **Potential Risk: Errors in declared results leading to lack of public confidence in the process.**

There is a process in place when it comes to verifying and declaring the results of an election. Various checks are completed at the count to ensure the number of ballot papers agrees with the number of people who voted. Once ballot papers are verified the votes are then counted and this number is checked against the confirmed number of ballot papers. The staff at the verification table initially refuse to accept figures which don't match those expected. The count staff are usually asked to re-count. This is again checked and repeated multiple times. If the results continue to not be as expected it is at the discretion of the Monitoring Officer as to whether to allow them.

Verified results are printed and given to the Returning Officer to review and, where required, consult with the candidates before officially declaring the result. Consultation with the candidates provides an additional level of checking, especially when results are close; in some cases the candidates will request a re-count.

All count staff are provided with information about their role in advance and training is provided.

#### 4.4.2 **Potential Risk: Poor processes in place – polling station opening / closing, staffing etc.**

Election staff are provided with appropriate training and copies of procedure documents. Training is provided in advance of an election through an online session produced by the Association of Electoral Administrators. Once completed, staff are provided with a pdf version of the handbook which details various processes and procedures and includes guidance for situations which may not be encountered as frequently, such as when needing to provide support to voters or when visited by officials. Staff working at polling stations are provided with further guidance in the packs provided at the stations as well as there being printed copies of the handbook.

Before working elections, staff are written to with an offer of employment, describing their role and the training details. This letter also includes contact details should there be a problem on the day (or beforehand). A printout of contact details is included within the polling station pack for emergency situations or enquiries which may arise during the day.

The opening and closing time of the polling station are clearly printed in the offer letter along with the expected hours of work. The polling opening hours are included on all of the paperwork provided in the polling station packs.

The Presiding Officer at a polling station is advised to contact the key holder of station in advance of an election to go through the opening and locking up of the building to ensure it is completed on time on election day. On election day the Presiding officer must message the Polling Station Inspector to confirm that they are in the building and then when they have opened the station at 7am.

Staffing requirements are considered when organising staff at stations with there usually being a minimum of a Presiding Officer and a Poll Clerk at each station. In some cases where there are smaller stations the Presiding Officer may be responsible for more than one station and additional Poll Clerks will be provided.

#### 4.4.3 **Potential Risk: Not supporting voters who require support e.g. accessibility, impairments etc.**

In addition to the regular training rolled out to staff prior to an election, this year also saw the new accessibility training. The training provided advice to staff on what tools would be available and what support could be provided to voters who may need it.

To help inform the voters of the changes and to provide advice on the support available, WDC had a communication plan in place. The plan included promoting accessible voting from March 2023 using the Council's social media platforms. At the end of April, guidance for individuals with learning disabilities and voters with full and partial sight loss was published on the Council's website and social media pages.

Feedback from previous elections, from electors, and staff, is reviewed so any issues identified are resolved before the next election. This includes accessibility issues or when support has been provided to the elector.

#### 4.4.4 **Potential Risk: Supplier failure (i.e. providers of election equipment).**

There are seven contracts in place in relation to elections. These contracts include services for printing ballot papers, provision of election software and devices, venue hire, temporary buildings hire, polling booths and right to work checks. The contracts vary in value from £330 up to £1.2 million. Three of the contracts at the last election were procured under exemption rules. This was to bring their end dates into alignment as the services are provided by the same supplier. When the contracts are reviewed in 2024 for renewal this would potentially allow them to be renewed as one contract.

Five of the contracts had documentation uploaded which included either the terms and conditions or an electronic copy of the contract. Of the two that didn't, one had no documents uploaded and the other had an email trail to confirm the exemption and show the process followed. Those that included appropriate contract documentation had clear terms set out and performance requirements which would allow monitoring and review of the contract to be completed.

Spending on contracts in relation to elections is circa £121k. Spending off contract totals £90254. The off-contract spending includes spending where there is a contract in place such as for printing ballot papers and the provision of polling booths. There is a larger off contract payment for the hire of a venue for the election count, there is a contract in place for this so the payment should have been processed on contract.

#### **Recommendation**

**To ensure that the costs are in line with contracted amounts, and to promote successful monitoring of budgets and spending, purchase orders should be registered on contract when there is a contract in place.**

Spending also includes the purchase of election sundries stationary packs for under £5k. There is no contract in place for this expense and therefore, although it is compliant with the Local Government Transparency Act, it may be worth discussing with the Procurement Team whether a contract is required as the same supplier has been used repeatedly for election sundry packs.

#### 4.5 **Fraud risks:**

#### 4.5.1 **Potential Risk: Voter fraud – voter ID and potential for ‘rigged’ results.**

Election staff have received appropriate training regarding the change in legislation for the requirement of voter ID. This was delivered in a variety of ways, with an online session produced by the Association of Electoral Administrators, handbooks and printed guidance. Presiding Officers and Polling Station Inspectors also received a training session through teams. This training and guidance will have helped to prevent voter ID fraud as staff were made aware of what could and couldn't be accepted.

The training and guidance material set out the requirements and provided images showing what could and couldn't be accepted. The online training also included a video on how to handle the situation should the voter become aggressive because, for example, they are unable, or unwilling, to provide the appropriate documentation at the time of voting.

On polling day, staff were provided with placemats showing the acceptable ID and posters which could be placed around the polling station to remind voters. If the staff at the polling station were unsure whether the ID offered was acceptable, the training tools provided guidance and contact details should further support or a second option be required.

To remind voters of the requirement the Election Team had a communication plan in place which aimed to raise the awareness of the need to produce suitable ID and the options available to voters. The plan ran from January up to the day of election and included promotion through social media, residents newsletters, the Council's website, bus signage, press adverts, and notice boards such as those in parks and car parks.

#### 4.6 **Health, Safety and Wellbeing Risks**

##### 4.6.1 **Potential Risk: Safety of voters, electoral staff and other electoral officials due to poor standards of polling stations and equipment or disenfranchised protest groups / individuals.**

There is one standard risk assessment for all polling stations. This was last reviewed in 2021 with changes made to meet COVID-19 guidelines in place at the time. Stations were also visited at this time to ensure the guidelines could be met. The risk assessment and suggested layout are provided to polling staff as part of the polling station pack.

There is a consultation exercise currently in operation that is gathering feedback from voters across the district. This feedback will help to inform the suitability of the current polling stations. Once the consultation has been completed the risk assessment will be reviewed and updated appropriately. The consultation closes on 10 November 2023.

Information is collected by the Polling Station Inspector using a checklist on a handheld device. The Presiding Officer keeps a logbook that is completed throughout the day collecting information such as issues, concerns, station visitors, etc. This information is then collated and a report is run allowing a

thorough review to be completed after each election. Any issues identified are resolved before the building is used again for the next election.

There is no set procedure in place for arranging the insurance required for elections. It is completed on an ad hoc basis dependant on the needs of the election. Insurance covers; portacabins, generators, lights, additional vehicles, the Returning Officer. The standard terms for our liability insurance includes elections in the business definition. There is an 'All Risks' cover in place for elections equipment such as booths, boxes etc.

#### 4.6.2 **Potential Risk: Health and wellbeing of staff working long hours (exceeding the 'Working Time Directive') at various stages of the election process.**

When a job offer is received for election work it includes a paragraph about the expected working hours. The paragraph is simple, providing the hours of work and informing the staff member that they will be required to sign the Working Time Directive waiver should they accept the role. The waiver is then included in the staff pack when this is issued.

The risk register also covers this and has mitigating actions in place. Staff are reminded of the long hours and that, when working in polling stations, they cannot leave the building so they must ensure they have enough food and drink and that regular breaks are taken as needed through the day.

#### 4.6.3 **Potential Risk: Pressure on staff due from new legislation implemented at short notice.**

Recent changes in legislation included voter ID requirements and accessibility requirements. The guidance for the voter ID changes and the voter authorisation forms was issued at the end of January 2023. The guidance for the changes needed to meet the accessibility requirements was received much later at the end of February / beginning of March.

The Elections Team were aware that changes were coming so had begun to review what was in place, preparing them for when the requirements were shared. The Electoral Services Manager was new to the role but had some ideas about the changes required so had also begun preparations. There were plans to implement a countywide approach that involved working with Warwickshire County Council but the guidance was issued so late that there wasn't time for this to happen.

The Elections Team reviewed the information gathered from previous elections from the Polling Station Inspectors checklists and the Presiding Officers logbooks to see where additional changes and support was needed so that the minimum requirements could be met. Unfortunately, there wasn't time to implement the full requirements at every location due to the guidance being published so late. Where issues had been highlighted in the last election the booking agents were contacted to check that they had been rectified.

#### 4.7 **Other Risks**



#### 4.7.1 **Potential Risk: Core staffing expertise unavailable at crucial times.**

To ensure minimal disruption to staffing needs during elections the Elections Team are unable to take leave during the election period. This is usually for five to six weeks before the election until a couple of weeks after the elections have been held. This does depend on the role of the team member as some staff are able to take leave as soon as the elections have completed.

This restriction on leave ensures that the team is fully staffed during the election period. Additional staff are utilised from other service areas to help support the team should there be unplanned absences such as sickness.

#### 4.7.2 **Potential Risk: Polling stations inoperable due to access, equipment, staff absence etc.**

There are contingency plans in place should issues arise at the polling station, for example if the Presiding Officer is unable to gain entry, equipment hasn't arrived or there are staff absences. The plans are communicated to polling staff at the training and additional information and contact details are included in the job offer and description pack.

The plans for the Presiding Officer require that, as a first point of call, they make contact with the Polling Station Inspector to inform them of the issue. If they are unable to access the polling station, they are instructed to set up outside, for example from the boot of their car. Should polling staff not arrive there is a pool of reserve staff available to help cover. The Polling Station Inspector should cover, where possible, until the reserve arrives.

#### 4.7.3 **Potential Risk: Lack of planning time for 'snap' elections.**

There are currently no written procedures in place for the Elections Team to follow when organising and planning an election. Most staff have been in the role for a number of years and are relied on to perform the same duties when preparing for an election. Should there be a snap election the staff would follow their normal, familiar, routines.

The Electoral Services Manager confirmed that they are in the process of documenting the procedures. Once the move has completed the election materials and resources will be in various Council buildings and not necessarily where the Elections Team are based. By documenting the procedures the team will be able to efficiently carry out tasks and use the resources. This will also help the team when faced with snap elections and will provide new starters with a documented process. The Elections staff recently attended an externally-provided training session where it is intended the feedback will be incorporated into the procedures.

#### 4.7.4 **Potential Risk: The adequacy of the current processes in place haven't been considered when the team moves to the new office.**

As confirmed above there are no documented procedures in place. However, this is being worked on and will include the changes faced with the office move. The team have been working through the documents and resources that are

stored and are creating an inventory. Once the team know what they have and a decision has been made on where it will be stored, the procedure documents can be created.

The team have been sorting through the documents held and are destroying any which are no longer required or relevant. These have been disposed of appropriately using the confidential waste bins available in the office.

## 5 **Summary and Conclusions**

5.1 Section 3.3 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks:

Risk 7 - Supplier failure (i.e. providers of election equipment).

5.2 In overall terms, however, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Local Elections are appropriate and are working effectively to help mitigate and control the identified risks.

5.3 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr  
Audit and Risk Manager

**Action Plan**

**Internal Audit of Local Elections – November 2023**

<b>Report Ref.</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
4.4.4	Supplier failure (i.e. providers of election equipment).	To ensure that the costs are in line with contracted amounts, and to promote successful monitoring of budgets and spending, purchase orders should be registered on contract when there is a contract in place.	Low	Electoral Services Manager	The contract will be identified on any supporting payment requests / PO's and officers will be reminded to link spending to the appropriate contract when there is one in place.	Completed.

\* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

- High: Issue of significant importance requiring urgent attention.
- Medium: Issue of moderate importance requiring prompt attention.
- Low: Issue of minor importance requiring attention.



always be a 'contract'. This is because, legally, it is an implied term in this relationship in that both parties have entered into legal relations, unless it is made an expressed term of the contract that it won't be legally binding.

### **3 Objectives of the Audit and Coverage of Risks**

3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

3.2 In terms of scope, the audit covered the following risks:

1. Poor management of contracts resulting in overspend or services being provided at additional cost.
2. Poor management of contracts resulting in non-achievement of contract objectives.
3. Non-compliance with legislation and corporate governance.
4. Poor management of contract documentation, including storage.
5. Complaints from residents / Members due to poor service, work, or goods provision.
6. Contract providers do not receive the support from officers to enable them to undertake their work appropriately.
7. Poor monitoring of contracts and KPIs resulting in works being charged for but not performed or being missed.
8. Poor controls for the prevention of collusion and bribery with contractors or suppliers.
9. Poor contract management not picking up on unsafe work practices / out of date certification e.g. accreditations, insurance etc.
10. ICT failure resulting in loss of documentation.
11. Ineffective training or guidance / poor communication.
12. Corporate and social responsibilities agreed in the contract award are not monitored or delivered.

3.3 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

Warwick District Council spent circ. £62 million in 2022/23 (incl. projects), on procured goods and services. It is important that the Authority manages its contracts effectively to ensure both value for money and that the desired outcomes, in line with the Fit for the Future strategy are achieved.

## **4 Findings**

### **4.1 Recommendations from Previous Reports**

4.1.1 The current position in respect of the recommendations from the previous audit reported in June 2020 were also reviewed. The current position is as follows:

<b>Recommendation</b>		<b>Management Response</b>	<b>Current Status</b>
1	Before business commences with suppliers all contractual documents must be signed.	A reminder will be issued for the next Procurement Board (SPBP).	All contracts in the sample were found to be signed. A sample of agendas and minutes from Procurement Board meetings was reviewed showing that new contracts had been discussed along with the importance of ensuring documents are signed.
2	Performance measures should be included in the contract documentation.	The climate change report includes a recommendation that there should be a corporate set of processes and performance monitoring documents for contract managers so that everyone is working in the same way, creating a consistent approach.	There is a large amount of guidance available which encourages contract owners to include KPI's in the terms in line with Council priorities.
3	The requirement to store contracts securely and correctly should be reinforced.	A reminder will be issued for the next Procurement Board (SPBP).	Contract documents are rarely removed from the store due to hybrid working and the majority of the documentation now being available online. With no permanent desks and a clear desk policy in place there is minimal risk of officers leaving contract documentation on their workspace.
4	Before authorising expenditure, there should be checks in place to ensure the Council is not at risk of breaching procurement laws and legislation.	This will be considered at the next Procurement Board to ensure practices are in place within each Service Area, and Procurement are sought for advice if in doubt.	The new finance system is set up to make it difficult to process purchase orders and invoices without there being a contract in place, auto defaulting to a contract where there is one in place.

	<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
5	<p>Before authorising expenditure, checks should be carried out to ensure spending is within contracted spend and relevant to the contract held.</p>	<p>Procurement Board to be reminded to ensure contract managers monitor spend against their contracts.</p> <p>Potential contract overspend has been included within the specification requirements for the new FMS, due to be progressed by end of financial year.</p>	<p>Contract managers are frequently reminded to review their spending. The finance system in place prevents overspend. To be able to process spending over the contract amount the officer must discuss the need with the procurement team to action amendments to the contract.</p> <p>This currently does not apply to contracts that raise orders through the Active H system (approx. one third of Contract spend); though a plan to complete integration to enable this is in place for 2024.</p>
6	<p>Staff should receive purchasing training before being given access to the purchasing system. This should include a basic checklist so that staff can review whether there is or should be a contract in place and a review of the cumulative spend.</p>	<p>Training is provided on the use of the FMS (Total) before officers can raise and authorise purchase orders. Officers will be reminded (Procurement Board) to ensure there is or should be a contract in place and to review of the cumulative spend, and to seek support from Finance to assist to monitor spend.</p> <p>Training on the new Financial Management System will ensure these points are covered.</p>	<p>Training on the use of the finance system is provided and additional documentation is available on the intranet. Controls are in place on the finance system to prevent spending where there is no contract in place.</p>
7	<p>There should be a 'rental' time imposed to help ensure that documents are returned in a timely manner to the Document Store.</p>	<p>Due to the current pandemic the majority of staff are working from home. Because of this obtaining documents from the deed store is restricted and, therefore, forms a control in itself. Future processes to be agreed and put in place by the</p>	<p>A signing-out process was developed to allow staff to view contract documentation. Working with a clear desk policy and no designated lockers for staff means documents must be returned promptly. Alternatively they can be</p>

	Recommendation	Management Response	Current Status
		Democratic Services Manager.	reviewed in the CST office.

## 4.2 Financial Risks

### 4.2.1 Potential Risk: Poor management of contracts resulting in overspend or services being provided at additional cost.

There is a large amount of guidance available on the intranet for staff to follow when procuring goods, services and works, and/or managing contracts. Initially when looking for the guidance it was unavailable through the procurement pages as it had not been linked correctly, but the Strategic Procurement and Creditors Manager was notified and rectified the issue straight away. This has been a common problem found across a number of audits since the change over to the new intranet and it was able to be corrected immediately, because of this no recommendation has been given.

The documents on the procurement pages include guidance on using the contract register, purchasing, procurement and contract management. The purchasing guidance takes the user through raising requisitions, viewing purchase orders and receipting goods. It includes a caveat that existing suppliers should be used before adding a new supplier to the system.

The guidance is clearly laid out and where appropriate it includes images taken from CiAnywhere so the user can visually check that they are following the correct steps in each process. The system is set up to show authorised suppliers and contractors for goods, services and works when adding a requisition, this helps ensure that spending is against contract where one exists and provides confirmation that the services, goods or works have been procured appropriately.

The contract register guidance reinforces the need for contract managers to ensure the information held is up to date and explains how to use, search for, and update the contract data.

There have been 184 contracts started within the last twelve months and there are 286 active contracts on the register. There are 46 contract owners registered against the active contracts. The contracts have only recently been moved to CiAnywhere. All the contract information was checked before it was input to ensure it was up to date and correct.

The guidance reviewed on the intranet confirms how to review spending to ensure it is within contract limits. There is also a section on the intranet for contract managers which includes various guides to help them manage their contracts effectively, such as a checklist to follow before procuring a contract, an infographic of the role of a contract manager and contract monitoring advice. The guidance encourages contract managers to ensure the terms of the contract are monitored and reviewed on a regular basis to prevent overspend.



#### 4.2.2 **Potential Risk: Poor management of contracts resulting in non-achievement of contract objectives.**

A sample of 23 contracts was reviewed. Twelve of the sample had the relevant contract documents uploaded to CiAnywhere. Nine of the contracts in the sample did not have contract documentation uploaded and two had emails regarding the missing documentation. Eight of the nine were from the same service area. Without the contracts being on file and easily accessible it would be difficult for contract managers and administrators to monitor and review the contracts to ensure objectives are achieved.

##### **Recommendation**

**Service area managers should be reinforcing the importance of ensuring that contract documentation is retained and stored appropriately by contract owners.**

There is a planned launch of the contracts module to contract owners in November allowing them to self-serve. This will allow improved monitoring of the contracts.

A guide available on the intranet titled 'Contract Management' provides a brief overview of the requirements of a contract manager. It explains the support available from the procurement team such as ensuring contract performance KPIs are met and advice on meeting with the contract supplier and monitoring the contract. Additional guidance includes a checklist, framework and various other supporting guides to ensure contract include KPI's and advice is given on how to monitor them.

From the above sample, where contract documents were uploaded, the contract documents included obligations and performance objectives which could form suitable measures and detail the service to be provided under the contract along with the expectations and obligations of the client (WDC).

The guidance available on the intranet explains the importance of monitoring contracts, meeting frequently with the contract supplier and taking minutes to ensure a record exists of the monitoring and KPIs discussed.

There were no method statements saved with the contracts reviewed in the sample on CiAnywhere. Discussion with the procurement team confirmed that these documents are stored in a contract file rather than on CiAnywhere. The files for the sample were located and contained relevant documents.

#### 4.3 **Legal and Regulatory Risks**

##### 4.3.1 **Potential Risk: Non-compliance with legislation and corporate governance.**

At the time of testing the finance system did not, for general users, have an option to show recent spending. Therefore, instead of reviewing recent spending for testing, a sample of current contracts was selected at random and spending against the contracts was reviewed to ensure spending was within contracted

amounts and had been logged against the contract in place rather than as off-contract spending.

The sample had 24 contracts from different service areas across the Council. Fourteen had additional spending which had not been recorded against the contract. In three cases there had been no purchases against the contract despite there being invoices for the suppliers amounting to circa. £53,600. None of the spending against the contracts in the sample was over the contract value.

As the finance system in place is still relatively new this may be an issue where historic purchase information has been moved across. A new spend analysis dashboard recently released shows how funds are spent across the Council making it easier to monitor spend off and on contracts.

The spend analysis dashboard, which began being rolled out on Monday 16 October, provides a breakdown of spending which is viewable by month, service area, supplier, product and more. This now allows spending to be reviewed in depth and improves visibility of on contract spending.

#### 4.3.2 **Potential Risk: Poor management of contract documentation, including storage.**

It was confirmed that there have been no changes to the storage procedure since the last audit other than the recommended addition of signing documents out so the location of the documents when not in the deed store is known. There is a documented procedure in place to support the process.

With the changes to the location of the Council head office the storage of the contract documentation is due to change, moving to a location within the Town Hall. The specifics of this and the changes in procedure have not yet been decided as they are under review. It will mean that officers wishing to review documents will need to arrange for someone to be available at the Town Hall to provide access to view hard copies. This reinforces the need for documents to be uploaded correctly online so they can be viewed from anywhere and are more readily available to staff.

#### 4.4 **Reputational Risks**

##### 4.4.1 **Potential Risk: Complaints from residents / Members due to poor service, work, or goods provision.**

The Council's website has a 'compliments and complaints' section that allows members of the public to provide feedback about Council services and to report problems. The feedback received through this platform is passed to the appropriate service area who can liaise with the contractor to rectify the issue. This also provides an opportunity to raise repeated issues at contract meetings to ensure the contractor is meeting the requirements of the contract.

Satisfaction surveys are not frequently undertaken. On occasion there have been consultations where feedback has been sought. For example, feedback has previously been sought on play area improvements, tennis facilities and leisure centres. Generally, feedback isn't sought for services as it is understood that if a

member of the public is dissatisfied with a service, they will use the 'contact us' form or use the complaints procedure.

To encourage Member engagement in contracts and prevent complaints, it was agreed at Cabinet in September that the Members Procurement Champions group will be resurrected. Volunteers are currently being sought, with an aim to implement the first meeting in January 2024. It has also been proposed that update reports are reintroduced to Audit and Standards Committee.

#### 4.4.2 **Potential Risk: Contract providers do not receive the support from officers to enable them to undertake their work appropriately.**

The finance system stores all contract information including the contract owner and where relevant the contract administrator. When the details of the contract are registered on the system the name of the contract owner must be included. This then provides a point of contact should there be any queries regarding the management of the contract or spending concerns.

The contract management guidance includes information on monitoring KPIs and measures set out in the terms. There are a number of dedicated pages on the intranet which help contract managers to put measures in the terms which are SMARTER and explain the responsibilities and the role of contract management. There is a framework in place which helps contract managers to monitor the KPIs and a contract management meeting template to help guide the discussion and ensure KPI's are being met.

There is a procurement training review currently being completed with an aim to understand the impact of the current procurement training. West Midlands Employers have been appointed to facilitate four focus groups to assist with the review, with an aim to launch a new training programme in 2024.

#### 4.5 **Fraud risks:**

##### 4.5.1 **Potential Risk: Poor monitoring of contracts and KPIs resulting in works being charged for but not performed or being missed.**

Monitoring is encouraged by the procurement team who have issued their own guidance regarding KPIs and monitoring as well as having shared guidance on how to measure performance using KPIs, written by the British Institute of Facilities Management.

Contracts must be reviewed in line with the procurement published timetable. A value for money review document has been produced allowing contract managers to work through the review ensuring contracted agreements and terms are being met and that the Council is happy with the service provided.

Regular budget reviews are encouraged to provide budget managers to monitor spending and contract management meetings are recommended. A live spend dashboard has recently been released for staff on CiAnywhere allowing them to have oversight of spending made off and on contract.

#### 4.5.2 **Potential Risk: Poor controls for the prevention of collusion and bribery with contractors or suppliers.**

A guide is available for staff when considering the content of contract terms and conditions, ensuring that they meet the Council's principles around procurement such as Flexibility, Accessibility and Transparency, Consistency and Outcome Focus. The guide covers key terms frequently used in contracts and their meanings as well as how the measures or terms can help to support the Council's objectives. This document is to be used when completing a tendering exercise.

There have been 51 new contracts agreed within the last twelve months. A sample of contract files was selected, comprising fifteen new contracts. It was noted that the tendering process was completed by the contract owner for four of the contracts; eleven of the files had documentation to support the contracts awarded - this included comparisons of quotes / tenders received, exemption requests and email correspondence. 20% of the contracts in the sample had been completed as exemptions.

In 2022/23, 30 contracts were awarded as exemptions. Out of a total of 125 awarded contracts, this represents almost 25%. It is considered that this may be due to staff being unaware of the legislation and their responsibility to ensure contracts are in place before procuring goods and services.

#### **Recommendation**

**To ensure procurement is completed legally and fairly, it should be mandatory for those involved in letting the contracts, contract owners and administrators to attend relevant training.**

#### 4.6 **Health, Safety and Wellbeing Risks**

##### 4.6.1 **Potential Risk: Poor contract management not picking up on unsafe work practices / out of date certification e.g. accreditations, insurance etc.**

Guidance is in place to ensure contractors have the required type and level of insurance. The guidance explains what the different types of insurance are, those that are required and the level / value of the cover. It explains how to check that the requirements are met and what documentation is required to support the insurance, reminding contract managers to check renewal documents and to keep copies as required. Other guidance advises the contract manager on their responsibilities such as regular review of the contract to ensure it remains fit for purpose and continues to deliver clear benefits.

In some cases risk assessments are required from the contractor on a frequent basis to show that they have considered risks and follow safe working practices. This requirement is written into the terms of the contract and should be reviewed at least annually by the contract manager. The risk assessments should ensure that the working practices meet the standards of the Council.

Some monitoring is also picked up through Procurement Board Meetings where the agendas feature regular items such as FOI requests, current and future procurements, and procurements for larger projects. These meetings are usually held on a monthly basis.

When the contract module is launched, contract owners will be required to add insurance documents and accreditations onto the contract file. These files will be dated to prompt when they need replacing. For accreditations, suppliers will be prompted to update themselves through the supplier portal, however, for insurance certificates and warranties, they are contract specific; therefore it will be the contract managers responsibility to upload replacement certificates. This process will allow greater oversight for ensuring that contract owners are managing data certification.

#### 4.7 **Other Risks**

##### 4.7.1 **Potential Risk: ICT failure resulting in loss of documentation.**

Electronic copies of contracts are uploaded on to the finance system. There is no back-up performed by WDC as the system is cloud-based and backups are managed by the system provider. In the event of ICT failure at WDC the documents uploaded would remain on the cloud and be accessible once ICT has been restored.

##### 4.7.2 **Potential Risk: Ineffective training or guidance / poor communication.**

Procurement / contract management training is not provided to staff as part of the new starter training. At present the only training provided is 'Procurement and Contract Management Overview' but this is not mandatory for contract owners / managers. A training review currently being undertaken is looking at how the training is delivered and the effectiveness of it. As training is currently provided as an overview session, it is being considered to split it into three parts and make it mandatory for contract owners and project managers to attend. By making the training mandatory it will help to ensure that contract owners / managers are aware of their responsibilities, and that KPI's are considered and the expectations of WDC regarding the balance of quality, CSR and price will be better understood.

Training has not been in the formal training plan for a couple of years due to capacity issues preventing commitment to a guaranteed session; however, training has been run on an ad hoc basis as and when enough employees or services request it. Due to the sporadic nature of this training, the impact of it could not be reviewed as part of this audit.

##### 4.7.3 **Potential Risk: Corporate and social responsibilities agreed in the contract award are not monitored or delivered.**

There is a Corporate Responsible Procurement policy in place, although it is undated so it is unclear how recently it was produced and / or reviewed. Figures used in the policy are from 2014/15 so it can be presumed to have been written close to that date. The policy is linked to a number of other corporate policies / guides which are recommended to be read in conjunction with it. They include

social value and sustainable procurement policies. The Strategic Procurement and Creditors Manager confirmed that the policies were reviewed before uploading them to the new intranet system and that the dates were previously included before the change. It is intended to review the documents in due course and re-add the review dates.

The Corporate Responsible Procurement policy encourages contract managers to consider seven objectives when procuring goods and services. These objectives cover key items including - but not limited to - sustainability, equality and diversity, social value, and ethical sourcing. The policy is clearly written and explains the importance of committing to the objectives and the impact on the Council should they be achieved or not. The policy is scheduled to be reviewed and replaced with Sourcing policy, supported by a Corporate Social Responsibility Statement and updated Social Value policy.

## 5 **Summary and Conclusions**

5.1 Section 3.3 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks:

Risk 2 - Poor management of contracts resulting in non-achievement of contract objectives.

Risk 8 - Poor controls for the prevention of collusion and bribery with contractors or suppliers.

5.2 In overall terms, however, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Management of Contracts are appropriate and are working effectively to help mitigate and control the identified risks.

5.3 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr  
Audit and Risk Manager

## Action Plan

## Internal Audit of Management of Contracts – November 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2	Poor management of contracts resulting in non-achievement of contract objectives.	Service area managers should be reinforcing the importance of ensuring that contract documentation is retained and stored appropriately by contract owners.	Low	Head of Finance	The Senior Leadership Team will be reminded of the importance of retaining and storing documentation appropriately, and within the Finance System where practically possible. We will also look at how we can share a reminder through other mechanisms with contract owners, such as meta-compliance and Managers Forum.	SLT - Dec 2023  Managers Forum - March 2024

<b>Report Ref.</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
4.5.2	Poor controls for the prevention of collusion and bribery with contractors or suppliers.	To ensure procurement is completed legally and fairly, it should be mandatory for those involved in letting the contracts, contract owners and administrators to attend relevant training.	Medium	Strategic Procurement and Creditors Manager	Members were equally concerned by the percentage of contracts awarded by exemption (25%). The Procurement Champions are keen on investigating why the number of exemptions are so high. There is a procurement training review currently being completed with an aim to understand the impact of the current procurement training. West Midlands Employers have been appointed to facilitate four focus groups to assist with the review, with an aim to launch a new training programme in 2024.	New training programme to be developed and begun to be rolled out by end of April 2024

\* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

- High: Issue of significant importance requiring urgent attention.
- Medium: Issue of moderate importance requiring prompt attention.
- Low: Issue of minor importance requiring attention.





# INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager  
**TO:** Head of Housing, Health & Communities; Head of Neighbourhood & Assets  
**C.C.** Chief Executive  
Deputy Chief Executive  
Head of Finance  
Portfolio Holder (Cllr Wightman)

**SUBJECT:** Void Management  
**DATE:** 22 November 2023

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## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Emma Walker, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 Void Management refers to the management of domestic Council properties that go untenanted for a period of time. The management of void properties is concerned with the process that begins when a tenant gives notice to vacate, and only ends once a property is successfully re-let.
- 2.2 Void Management is considered a core function for local authorities as it aims to ensure that loss of rental income, security and repair costs are kept to a minimum. There are several contracts in place that aim to effectively manage void properties between tenancies. As of 25 September 2023, there were 145 empty Council properties.
- 2.3 It should be noted that the content of this audit was originally covered under the scope of Lettings & Void Control. However, at the request of the Head of Housing, this was divided into two separate audits entitled Allocations, Nominations & Lettings and Void Management. The Allocations, Nominations & Lettings audit was covered under the 2022/23 audit plan.

## 3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in

each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

- 3.2 In terms of scope, the audit covered the following risks:
1. Rent income loss due to lengthy void periods.
  2. Costs incurred by the Council for empty properties e.g., council tax.
  3. Property maintenance officers not informed of inspections required at empty properties.
  4. No formal inspection procedure in place.
  5. Lack of a void management policy/procedure.
  6. Properties found to be in an unsatisfactory state during void inspection.
  7. Public perception of Council if properties are left empty for long periods of time.
  8. Lack of communication between the Housing and Assets teams, resulting in a loss of income.
  9. Unauthorised persons gaining access to a void property.
  10. Keys unreturned by tenants when instructed.
  11. Belongings left in a property by the tenant not dealt with appropriately.
  12. Safety of officers/contractors required to visit empty properties.
  13. Empty properties vandalised.
  14. Loss of IT/Active H system.
- 3.3 A 'risk-based audit' approach has been adopted, whereby key risks have been identified during discussions between the Internal Auditor and key departmental staff. The Housing and Significant Business Risk Registers have also been reviewed.
- 3.4 At the time of the audit, these risks, if realised, would have been detrimental to the Council with regards to meeting the internal 'Money' element of the Fit for the Future Strategy.

## 4 Findings

### 4.1 Recommendations from Previous Reports

- 4.1.1 As this is the first audit of its kind, there were no recommendations arising from the previous report.

### 4.2 Financial Risks

#### 4.2.1 Potential Risk: Rent income loss due to lengthy void periods.

Whilst contractors are sent into void properties to deal with repairs, mould, damp, or asbestos, the void inspections are generally dealt with in-house; the Repairs Team Leader (RTL) is responsible for the inspection of void properties. This is done through the performance of pre-inspections in which ad hoc works or variations of work orders are agreed through Active H. Post-inspections are also conducted in conjunction with the void repairs contractor, Axis Europe Plc.

A list of void properties from April 2022 to September 2023 was generated via Active H. Properties were then investigated by the auditor to check that they were inspected before they become void. Checks were also made to ensure that inspections were undertaken in a timely manner. In all twenty cases, a pre-inspection of the property had taken place; however, only two of these were completed before the property became void. The timeframes in which pre-inspections took place after the property became void were somewhat consistent; sixteen of the twenty properties were visited within four weeks.

The contractors have designated teams assigned purely to Warwick District Council (WDC), meaning that they are not able to perform work outside of the district. Contractors are given target dates by which properties should be inspected and repaired:

- Minor voids = 4 days.
- Voids that require kitchens, bathrooms, and redecoration = 10 days.
- Major voids that require kitchens, bathrooms, heating systems and redecoration = 20 days.

The RTL advised that penalties were previously in place if works were not completed within these targets; this equated to £18 a day for every day spent past the target completion date.

**Advisory – Consideration should be given to reintroducing contractor penalties if targets are not met.**

All twenty properties sampled by the auditor had repair works completed on the same day that they started, in line with contractor targets. The time in which post repair inspections took place was fairly sporadic, with ten post-inspections taking place within the month, five within two months, one within nine months and one within eleven months. There is a standard post-inspection form with which inspectors can comment on the quality of the completed works. In terms of quality, it was found by the auditor that the property was revisited by the contractors to reperform repair works in just one case. Evidence that inspection had taken place was held on the Document Management System (DMS) in twelve cases.

The dates in which properties were re-let following the final void inspection were prompt: sixteen properties had been let within the month and four properties were let within two months. The average rent loss across the sample was £3,015.54. The Head of Housing advised that some properties are well looked after and should only require a quick inspection. If properties are left in good condition, the gas and electrical safety checks should be organised quickly, and the properties re-let efficiently.

There are several contracts in place that cover the void process. The RTL advised that there are six contractors in total with whom he liaises throughout the void process. D&K Heating Services Ltd and Dodd Group (Midlands) Ltd are the contractors who deal with gas and electrical safety checks; however, these are covered under the scope of a separate audit. Axis Europe Plc are the general housing repair and voids contractor. Although this contract was originally due to

expire in March 2022, the contract was extended for a further four years under the same terms and conditions; this was agreed by both WDC and the contractor. There are also contracts in place for asbestos removal and asbestos testing. Both of these contracts commenced in 2015 and are not due to expire until September 2025. A contract exists between WDC and Stannah Lift Services Ltd for the service and maintenance of tenant stairlifts. This contract commenced on 1 April 2023 and is not due to expire until 31 March 2027. It was found on all four contracts sampled by the auditor that contract expenditure was within approved limits.

There are also two further contracts in place; one with British Gas for the electrical and gas supplies to void properties which commenced in October 2022 and another with Karpet Kingdom (Warwick) Ltd for the supply of new carpets to void properties which commenced in August 2023. Whilst there is no contract spending limit with British Gas, expenditure was found to be minimal, amounting to only £2,794.19. Expenditure with Karpet Kingdom was also within the spending limit, with only £1,137.31 spent thus far.

A list of void properties from April 2022 to September 2023 was generated via Active H. Properties were then investigated to check that any works required were reported to the contractor in a timely manner. In nineteen of the twenty cases tested by the auditor, the works required to the void property were included on a specification spreadsheet which had been saved to the network files. The sample demonstrated that works commenced fairly promptly after the property became void, with seventeen properties all having had work start within four weeks; two properties actually had work commence prior to the void start date. Works were completed efficiently after commencement: nineteen of the twenty properties sampled had works completed on the same day that they began; the remaining property had work completed the following day. Properties were relet in fairly good time: seven within the same month, six within one month and seven within two months of work having been completed.

#### 4.2.2 **Potential Risk: Costs incurred by the Council for empty properties e.g., council tax.**

WDC become liable for council tax and utilities once a property becomes void. Checks were made by the auditor to determine how quickly void properties were being re-advertised to let on HomeChoice to minimise these incurred costs. Whilst two properties had not been advertised on HomeChoice, it was promising to see that thirteen of the twenty properties sampled had all been advertised to let before the works completed and the keys handed back to WDC by the contractor. One property was advertised on the same day that the keys were returned; four were advertised after the keys had been handed back.

**Advisory – Consideration should be given to reminding staff to advertise ‘available-to-let’ properties on HomeChoice before works are completed where possible, i.e., where only minor void repairs and cleaning are required.**

**Advisory – Consideration should be given to meeting with the relevant Accountants to discuss increasing the void budget.**

## 4.3 Legal and Regulatory Risks

### 4.3.1 Potential Risk: Property maintenance officers not informed of inspections required at empty properties.

When a tenant provides notice on a property, a list of new and future voids is circulated from Housing to Assets each Monday; this allows staff to perform void inspections and contact the contractors. Reports can be generated directly from Active H which evidences any new and future voids. These consider the notice of termination from the tenant with the void period commencing four weeks after this. The Risk & Insurance Officer is also sent a report each Monday for properties that have been unoccupied for over 30 days. As of 2 October 2023, this totalled eighteen properties. The report also establishes whether these properties are sat with the Assets team or the Housing team.

Staff are made aware that a property has been vacated once a tenant has given four-weeks' notice and the keys are handed back to WDC. Once keys are handed back this becomes a vacant possession, meaning that the Council is then legally entitled to enter the property. Weekly reports are distributed to the Assets team regarding 'open voids.' This report lists the voids that:

- have/have not been advertised
- are on offer
- are reserved for decants
- are related to Chrstine Ledger Square
- have been placed on hold
- are undergoing major works
- are new builds and yet to have an asset episode attributed to them.

At the time of testing, there were fourteen properties with an unknown status, where no key holder had been recorded. The Housing Allocations Officer (HAO) advised that these figures refer to properties where keys from outgoing tenants are due to be received; once collected, these figures are then updated and reflected in the weekly open void lists.

Much of the communication regarding a property that has become vacant takes place between the HAO and the Maintenance Administrator (MA). Once a property becomes void, the HAO creates a void episode through Active H. This then creates a request that is sent to the repairs module. A request details a standard list of works to be completed at the property such as gas safety, EPCs (Energy Performance Certificates) and asbestos surveys. The MA then deems which tasks need completing and accordingly raises a works order to the contractor. Under the lettings module, the key holder becomes the contractor at this stage; keys are handed over to the contractor at the same time that a work request is made.

Meter readings are checked by the CM; a photograph of the meter readings is sent to the HAO who then notifies the relevant energy provider that the property is empty. When the tenancy has ended and keys are returned from an outgoing tenant, British Gas are notified, and a 'Stage 1' is submitted. The voids team then raise works for the property which includes the meter readings, and the HAO submits a 'Stage 2'. Once the new tenant has moved in, a 'Stage 3' is then

completed with the new tenants' details. The energy provider will chase for outstanding debt or refund credit where applicable, as some properties do not have the electric or gas metered.

The Landlord Services Manager (LSM) advised that notices from tenants wishing to vacate are dealt with by the Allocations team, who also deal with tenancy commencement. This means that the start and end of a tenancy can be completed by the same officer.

**Recommendation – To minimise the potential for fraud, the procedure relating to the termination of tenancies should sit with the Housing Officers as opposed to the Housing Allocations Officers.**

#### 4.3.2 **Potential Risk: No formal inspection procedure in place.**

The LSM advised that there is no formal void inspection procedure in place. There is, however, a lettable standard by which properties should be assessed before they can be re-let. This includes:

- Ensuring that all properties are cleaned to a high standard.
- Ensuring that all properties pass a fully extensive safety checklist.
- Ensuring that all properties are fully secure.
- Ensuring that all aspects of the property are repaired to a reasonable standard.

Asbestos management surveys are undertaken on void properties. Where asbestos is identified, removal is undertaken by the contractor, Shield, and HSE are notified. In other cases, the asbestos may be deemed manageable and therefore it is not a requirement to have this removed.

The Compliance Administrator (CA) confirmed that WDC only need to notify HSE if it is notifiable, licensed AIB (Asbestos Insulating Board). In these instances, Shield complete the necessary paperwork and submit this to HSE fourteen days prior to removal. Any non-licensed asbestos floor tiles will be removed by WDC whenever a property becomes void. In only two cases sampled by the auditor were floor tiles required to be removed. It was found that the remaining samples did not need reporting to HSE.

#### 4.3.3 **Potential Risk: Lack of a void management policy/procedure.**

There is no specific legislation related to void management with which the Council must comply. The Assets team are, however, required to ensure that the properties have undergone an up-to-date gas and electrical safety check before they are re-let. EPCs are also expected to have a minimum 'D' category before being let.

There is no void policy in place for the management of void properties although a procedural flow-chart was mapped out and revised in February 2022, outlining the void process.

**Advisory – Consideration should be given to drawing up a formal void policy and seeking Member approval for this.**

A list of voids from April-2022 to September-2023 was obtained through Active H. A sample of properties was then investigated by the auditor to ensure that void properties had been dealt with according to the void procedure flowchart. It was found that in only five cases, a notice to terminate the tenancy had been uploaded to the DMS. Where notices had been supplied, all but one property had keys promptly handed back by the tenant, within four weeks of the termination notice. In one instance, the keys were returned before notice was given; however, an exception was made for this where the tenant had passed away. In seven cases, there was no key receipt uploaded to the DMS to evidence that the keys had in fact been returned to WDC.

In six of the samples, full asbestos works were carried out; in four of these cases, the work was completed within the same week that the order was raised. Only five properties required an EPC; one property had no EPC provided and another had been graded an 'E'. The gas had been capped off in eight properties; one property had not yet had this completed and the remaining six properties had no gas void certificate uploaded to the DMS. Neither were there any notes on Active H to state that this had been done. In the properties where the gas had been capped off, seven of these were completed within the same week that the works order was raised. In three instances, the rent accounts were closed as per the void procedure. Three accounts were terminated due to the tenants having passed away. The remaining nine cases still had open accounts as the tenants had vacated whilst still owing rent.

In thirteen of the fifteen cases sampled, the housing energy provider had been notified that the property was void. It was identified that the energy provider had been notified within one week of the keys being returned in twelve of the properties sampled. The meter readings themselves had been uploaded to the British Gas void management system in ten cases; five of which were reported in the same week that the energy provider was notified of the property being vacant.

Thirteen of the fifteen properties had been inspected once they became void, in the same week that the keys were returned to the Allocations team by the tenant. A property condition report had not been provided in any of the properties sampled; however, these are mainly produced when the property is due to be transferred or exchanged with another tenant. Keys were handed to the contractor in a timely manner throughout the sample with most of these having been handed over on the same day that the keys were returned to WDC by the vacating tenant. Fourteen of the fifteen properties had been cleaned and evidence of repair works were handed to the Assets team. Fourteen properties were cleaned and repaired in under four weeks. In terms of repair work, every property sampled had work completed on the same day that they commenced.

The overall turnaround time for the void properties was fairly positive, with fourteen of the fifteen properties having been handed back to WDC within four weeks. This could, however, be a lot more efficient; two of the cases for example had to have the property revisited by the void contractor after the keys

had been handed back to WDC. On the whole this does not suggest a serious issue with the quality of the void works undertaken, but it appears that the monitoring of void works and repairs could be made much more efficient if resources allowed.

**Recommendation - Staff should be reminded to upload all evidence to the DMS.**

**Advisory - Consideration should be given to prioritising works to properties with an EPC rating of 'E' or below.**

#### 4.3.4 **Potential Risk: Properties found to be in an unsatisfactory state during void inspection.**

At the void inspection stage, any properties that are found not to be up to standard should have the repair or damage costs re-charged to the tenant. A list of recharges was collated through the network files and investigated to ensure that any damage caused by vacating tenants had been repaired and recharged to the appropriate rent account. In all fifteen cases tested, the damage to the property had been recorded appropriately and the cost of the damage had been recharged to the tenant. Despite this, only two accounts had received payment in full; two tenants had paid a portion of the charges but left large outstanding balances. There were only two properties where evidence of the damage had been uploaded to the DMS. Whilst letters regarding property damage are held on the network files, there is no photographic evidence to substantiate the damage caused to the property.

**Recommendation – Staff should be reminded to take arrears action in cases where damage recharges have not been paid.**

**Advisory – Consideration should be given to corroborating the checks made during the Tenancy Settling in Visits under Tenancy Management against void inspections, to ensure that properties are left in the condition with which they were let.**

Axis Europe Plc provide key safes at all properties in which keys are kept whilst works to the property take place. Once work is complete, keys are then returned to the Allocations team. Once the contractor has completed all scheduled works, an inspection will take place by the RTL to sign off the void property and ensure that the lettable standard has been met. The works required to achieve the lettable standard include:

- Installation of hard-wired smoke detectors.
- Ensuring all electricals are compliant with NICEIC regulations.
- Gas testing, in line with regulations.
- Conducting water risk assessments and asbestos surveys.
- Ensuring front doors have working locks and meet safety regulations.
- Ensuring all doors and windows open and close properly.
- Ensuring sinks, basins, toilets, and baths are cleaned.
- Making sure all plumbing is watertight.
- Trimming grass, hedges, and bushes.



Once a property has been inspected during its void stage, information regarding completed works and any fixtures and fittings is handed to the Allocations team.

A list of abandoned properties was collated through Active H. These were then investigated by the auditor to ensure that they had been dealt with in line with the abandonment procedure. It should be noted that once a property has been confirmed as abandoned, it is inspected as part of the void inspection programme. In two cases, the property had been visited within one week of the property being reported as abandoned. In four cases, it was not stated as to whether the property was safe or secure; one property was reported as having a broken window. In only two cases was it formally notified that the neighbours or next of kin had been contacted by the relevant Housing Officer. It was also found that a seven-day letter was only sent in one sample. Notices to Quit were, however, sent in four of the five cases tested, although copies of these had not been uploaded to the DMS.

Locks had been changed in three cases; however, the timeframes in which these were done were fairly inconsistent. Photographs of the property were only uploaded to the DMS in one instance. Belongings were disposed of in three of the samples, two of which had the costs recharged to the tenant. In two cases, the diary notes advised that belongings would be disposed of, but no evidence was provided to substantiate this as none of the five TORT notices had been uploaded to the DMS. In three cases, British Gas had been notified of the meter readings and informed that the property was vacant. In all five samples contact had either been attempted or successfully made with the tenant.

**Recommendation - In line with the abandonment procedure, staff should be reminded to speak to neighbours and next of kin where possible, to gather information regarding tenant whereabouts.**

**Recommendation - Staff should be reminded to issue seven-day letters to all abandoned properties.**

#### 4.4 **Reputational Risks**

##### 4.4.1 **Potential Risk: Public perception of Council if properties are left empty for long periods of time.**

The LSM advised that at the end of a tenancy, reasons for ending the tenancy must be supplied by the vacating tenant; however, these are not currently analysed. Reasons are, however, provided on Active H as to why a property is empty e.g., its unlettable, its undergoing void repairs and cleaning, or its undergoing major works.

##### 4.4.2 **Potential Risk: Lack of communication between the Housing and Assets teams, resulting in a loss of income.**

There are various targets and measures identified within the Housing Service Area Plan (SAP). These include average total re-let time in days and the number of long-term empty homes in the district. The SAP is out of date but is being

updated in line with the new corporate strategy; as a result of this, relevant KPIs have yet to be decided. The landlord peer group also use Housemark as a benchmark, the leading data and insight company for the UK housing sector.

The Business Development & Change Officer advised that there is a monthly performance meeting for Housing managers, within which 'average relet time' is one of the measures reviewed. Every Monday the managers also receive a list of voids that ended the previous Sunday, along with the relet time milestones. The main report for relet time is hosted in Active H itself, so any user can view this information for a nominated date range. Performance is mainly measured through relet times; properties are grouped by their void end month or end quarter and the average relet days are then calculated. The total rent loss for void properties across April 2022 - September 2023 was £970,750.21 with the average rent being £1,626.

There are several reports produced through Active H that highlight performance. These include:

- Average days taken to complete standard works = 116
- Average relet time for standard works = 116
- Average relet time including major works = 122
- Average relet time for major works = 290
- Number of empty homes bought back into use = 18
- Number of long-term empty homes in the District = 959.
- End to End relet time = 70 days
- Properties at a calculated EPC grade of D or better = 97.51%
- Jobs over 56 days not invoiced = 42
- Jobs out of target = 877
- Total open orders = 1944

Axis Europe Plc also produce a report detailing every works order raised since the commencement of the contract; this is to determine the percentage of jobs completed on time. As of January 2023, approximately 75% of jobs were completed on time. Emergency repairs were all completed as soon as they were raised; routine works on average took forty days to complete.

Void meetings take place every two weeks between the RTL, HAO, Senior Allocations and Housing Advice Officer and representatives from the numerous contractors. The HAO completes a spreadsheet with all the outstanding voids as a result of this meeting. This includes the address, current status, date raised, estimated end date and a running commentary on any actions to be taken; this spreadsheet effectively serves as the meeting minutes. Monthly meetings also take place on the first Wednesday of every month with Axis, the HAO, MA, and CA. Although Axis had initially placed these meetings on hold due to lack of personnel, these recommenced at the start of April 2023. These meetings focus on actions to be completed, KPIs, void clearances, damp or mould treatment, disrepair matters and health and safety.

Meetings used to take place between the LSM, CM and Housing Advice and Allocations Manager but these no longer take place.

**Advisory – Consideration should be given to resurrecting these meetings to encourage further communication between the Housing and Assets teams. Consideration should be also given to including both the Head of Assets and the Head of Housing in these meetings.**

The costs of void repairs are measured and incorporated into the relevant budgets. The Principal Accountant prepares monthly spreadsheets which outline the budget and expenditure. All housing repair costs are highlighted here, including the void repair contract. The monthly reports display:

- Repairs and maintenance in the housing revenue account (HRA).
- All of the major capital works in the HRA.
- All fuel and water costs.
- Planned preventative maintenance (PPM) budgets.
- PPM actuals spend to date.
- PPM funding and corporate assets reserves.
- General fund repairs.
- PPM Earmarked reserve Requests and
- Equipment renewal reserve works.

The full-year budget for the 2023-24 void repair contract is £1,566,900. Thus far, only £461,540 has been spent. The full year budget for 2022-23 was £1,396,400. Actual expenditure amounted to £1,584,264 meaning that there was an overspend of £187,864.

Major voids are excluded from Service Area Plan reporting; however, these are discussed at monthly management meetings. Most major voids are classed as such due to the structural work, asbestos removal, or EPC work required. A list of major voids as of September 2023, was obtained through Active H; these were then investigated by the auditor to check that reasons had been supplied to explain the lengthy void periods. The time taken between the property becoming void and the date of the last inspection were varied across the sample. Seven properties were inspected within one month of the property becoming void; three were inspected within two months and two were inspected within three months. Four properties had not been inspected at all and two properties had an inspection take place before the property became vacant.

The average rent loss across the sample was £3,231; the average empty days equated to 220. Despite this, in all twenty cases, a reason for the lengthy void period had been provided; these ranged from damp or mould works, thermal improvements, asbestos management, EPC failure and structural works. The current action had also been provided to evidence that the property was either with the repair contractor, with the Allocations team or under offer on HomeChoice.

**Recommendation - Performance relating to void properties needs to be regularly discussed with the Compliance team.**

**Advisory - Consideration should be given to monitoring the work being undertaken on major voids and the completion of these works should be chased, where appropriate.**

## 4.5 **Fraud Risks**

### 4.5.1 **Potential Risk: Unauthorised persons gaining access to a void property.**

The RTL performs inspection checks on void works to ensure that these have been completed to standard. Evidence of pre- and post-inspections are uploaded to the network files and/or the DMS. The RTL advised that if a property has Sitex up e.g., security screens for vacant properties, these are generally not required to be visited. Usually, properties are visited within 48 hours of becoming void, negating the need for spot checks. The RTL also advised that if the team become aware that a property is due to be empty for a long period of time, then they will inspect the property; however, this is not recorded through the system.

The Chief Executive recently reported that escalating anti-social behaviour and county lines drug dealing is plaguing a number of local communities across the district. Under the powers available to Local Authorities and the Police under Section 80 of the Anti-Social Behaviour, Crime and Policing Act 2014, closure orders have been obtained on several properties in Leamington Spa for a three-month period; this means, however, that these properties become void during this time, increasing the number of empty properties in the district. The Insurance and Risk Officer advised that properties should be inspected to ensure that they are empty, and this should include the properties that have been closed down as a result of drug use or county lines etc. There are restrictions on insurance cover once properties have been empty for thirty days, including escape of water and malicious damage.

**Recommendation – A procedure needs to be drawn up to ensure that properties which remain empty after contractor work has completed, are regularly inspected. This is to ensure compliance with insurance requirements and prevent legionella.**

Members of the public can report a suspected squatter in a council property via the WDC website. The Landlord Operations Manager did, however, advise that there is no procedure in place if there is suspicion of illegal occupation; checks for this are only completed during the tenancy update visit process which comes under the remit of tenancy management. This ultimately means that, if void properties are not inspected in a timely or frequent manner, there is a risk of illegal occupants entering properties once a tenant vacates.

**Recommendation – An illegal occupation procedure should be compiled.**

The RTL is currently the only officer that undertakes void inspections. The RTL produces a schedule of works to ensure that each void property, once inspected, is brought in line with the lettable standard. Whilst the RTL holds twenty years of experience in social housing, the WDC Maintenance Surveyors do not hold any formal qualifications.

**Advisory – Consideration should be given to requiring Maintenance Surveyors to evidence that they are suitably qualified to perform maintenance inspections.**

**Advisory – Consideration should be given to designating a specific team to ‘Void Management’.**

**4.5.2 Potential Risk: Keys unreturned by tenants when instructed.**

If keys are not returned, Allocations Officers will extend the tenancy by a week and charge a full week’s rent for each further week or part week until the keys are returned. If the keys are still not returned after this time, the tenant will receive a letter informing them of the consequences and potential charges.

**4.5.3 Risk: Belongings left in a property by the tenant not dealt with appropriately.**

The Introductory Tenancy Agreement outlines the standards in which a property must be left before a tenant vacates. At the end of the tenancy, the premises must be cleared completely and left in a good state of repair and decoration. If the Council has to repair or redecorate a property, the former tenant will be required to pay for the work. Tenants must also make good any damage to the property caused by themselves or by contractors working on their behalf. It is also stipulated in the tenancy agreement that tenants must not leave anybody else living in the property as they cannot pass their tenancy onto another individual.

Where a tenant leaves personal belongings behind, the Housing team serve a TORT notice which states how long belongings will be kept before disposal. It is also outlined in the Introductory Tenancy Agreement that any item fixed to the premises by the tenant will become the property of the Council at the end of the tenancy unless the tenant removes the item beforehand and returns the premises to their former condition. The tenancy agreement advises that any belongings left behind will be disposed of and the cost of disposal recharged to the tenant. A list of clearances was collated from the network files and investigated by the auditor to ensure that belongings had been appropriately disposed of in line with the relevant timeframes. In seven of the ten cases sampled, the nature of the belongings left in the property had been clearly specified; however, evidence of a TORT was held on the DMS in only one case.

In three cases, there was no date provided to evidence whether the tenant had been advised to collect their belongings. In two samples, the tenant had advised that they would not be collecting their belongings or returning to the property which led to automatic disposal. All ten cases had the clearance costs recharged to the tenant; however, only three had been paid in full. In ten cases, a payment plan had been created in order to help the tenant clear the arrears and in one case the tenant had been chased for the outstanding balance. In one case, costs had been incorrectly charged to the next of kin, which meant that the void clearance charge had to be reversed.

**Recommendation - Staff should be chasing unpaid costs as well as making sure that recharges have been charged to the correct individual.**

**Advisory – Consideration should be given to awarding incentives to tenants for clearing their belongings upon vacating a property.**

## 4.6 **Health and Safety Risks**

### 4.6.1 **Risk: Safety of officers/contractors required to visit empty properties.**

There is no risk assessment specifically in place for visits to void properties. There is a risk assessment in place regarding Landlord Services inspections which was due for renewal on 4 October 2023. The assessment is mainly concerned with COVID-19 procedures but also considers the mitigations against risks associated with travelling for work, violence or aggression and PPE. There is also an assessment in place under Assets regarding visits and inspections to properties that follows the same structure as the Landlord Services risk assessment; the renewal for this was due 5 Jan 2023.

#### **Recommendation – The Assets service risk assessment regarding visits and inspections should be updated.**

All Landlord Services, Housing Officers and Maintenance Surveyors have been issued with Solo Protect devices and mobile phones, including the RTL. There is no set ICE (In-Case of Emergency) list in place, but emergency information is obtainable via I-Trent. The staff alert list is easily accessible on the Intranet should officers need to add the details of any members of the public encountered in or around the property during the void period. Active H also displays properties where two or more staff are expected to attend; warning messages also appear on properties where the Police would need to be contacted.

It is the contractor's responsibility to comply with all relevant Health, Safety and Environmental compliance obligations and apply responsible standards to their activities. Contractors are also responsible for their own insurance cover including employers' liability, public liability, contract works and professional indemnity. Contractors must not commence works at any property until all practicable steps have been taken to prevent danger to any persons employed or living in the relevant property from any live electric cables or apparatus, plumbing works, exposed asbestos, or any other hazard that could reasonably be regarded as a source of danger to the occupants and/or the general public. The contractor is expected to take all necessary safety measures to manage any such dangers.

There is a corporate lone-worker policy in place. This was revised in September 2022 to reflect hybrid working and was approved by both the internal Health and Safety Group (September 2022) and by the Transformation Steering Group (November 2022). This document was distributed to all staff in January 2023. Employees must inform their Line Manager or other identified person when they will be working alone, giving accurate details of their location, and following an agreed plan to inform that person when the task is completed. This includes occasions when employees expect to go home following an external commitment rather than returning to Riverside House. The policy specifically outlines the steps to be taken in the event that an officer should need to work alone in empty buildings owned by WDC. These include making sure emergency exits are accessible, being familiar with the fire and alarm procedures, calling for

assistance before entering a building where it appears it has been broken into and parking in a well-lit, busy area.

#### 4.7 **Other Risks**

##### 4.7.1 **Risk: Empty properties vandalised.**

Where tenants appear to have left a property without giving notice, the only way the Council would become aware that the property is void is if the rent is not paid. The LSM advised that only when it is decided that legally the occupant is no longer living there, or a tenancy has been ended and keys have not been returned do the locks get changed. The LSM advised that WDC would need to prove abandonment of the property if this was the case, and this process would most likely involve court orders.

A series of properties was investigated through Active H by the auditor to check that locks had been changed in instances where keys were not handed back by the tenant. With regards to the lock changes, reasons as to why the lock change was needed had been provided in eight of the ten properties sampled. The reasons provided included unreturned or missing keys, evicted tenants or unauthorised persons gaining access to the property. A lock change physically took place in seven of the eight cases. Three of these were done within two weeks, one within four weeks, two within three weeks, and one within three months.

**Advisory – Consideration should be given to changing all empty property locks.**

##### 4.7.2 **Risk: Loss of IT/Active H system.**

If the Active H system failed, this would not affect the voids process as work orders already raised would be sent to the contractor to complete. The CM and CA monitor the voids through a daily spreadsheet. This was introduced through the COVID-19 pandemic to monitor empty properties. Narratives of the current status of the property are maintained through this spreadsheet to ensure that void monitoring is kept up to date. The RTL and the Technical Manager also have input into this.

The contractors have their own system portal which would not be affected if there was a WDC IT failure; however, the weekly Ripplestone reports would not work without Active H as these rely on data from the previous week.

## 5 **Summary and Conclusions**

5.1 Section 3.2 sets out the risks that were reviewed as part of this audit. The review highlighted weaknesses against the following risks:

- Risk 3 – Beginning and ending of tenancies can be completed by the same officer.
- Risk 5 – Evidence is inconsistently uploaded to the DMS.

- Risk 6 – Damage recharges go uncollected; abandoned property procedure inconsistently followed.
- Risk 8 – Void property performance inconsistently analysed.
- Risk 9 – Properties which remain empty after contractor work has completed are not regularly inspected, no illegal occupation procedure in place.
- Risk 11 – Arrears inconsistently chased.
- Risk 12 – Assets risk assessment out of date.

5.2 Further 'issues' were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted, as there is no significant risk attached to the actions not being taken.

5.3 In overall terms, therefore, we are required to give a MODERATE degree of assurance that the systems and controls in place in respect of Void Management are appropriate and are working effectively to help mitigate and control the identified risks.

5.4 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

## 6 **Management Action**

6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr  
Audit and Risk Manager



## Action Plan

## Internal Audit Void Management – November 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.1	Legal & Regulatory Risks: Property maintenance officers not informed of inspections required at empty properties.	To minimise the potential for fraud, the procedure relating to the termination of tenancies should sit with the Housing Officers as opposed to the Housing Allocations Officers.	Low	Landlord Services Manager; Landlord Operations Manager; Housing Allocations Officer.	Agreed. Landlord Operations team to speak with the Allocations team and create a formal procedure.	Spring 2024.
4.3.3	Legal & Regulatory Risks: Lack of a void management policy/procedure	Staff should be reminded to upload all evidence to the DMS.	Low	Contractor Administrator	Agreed.	End of November 2023.
4.3.4	Legal & Regulatory Risks: Properties found to be in an unsatisfactory state during void inspection.	Staff should be reminded to take arrears action in cases where damage recharges have not been paid.	Medium	Landlord Services Manager	Agreed. The Landlord Services Manager to speak to the Purchasing and Payments, Business Administration, and Income Management teams to draw up a procedure outlining the stages for pursuing arrears, including County Court Orders.	Summer 2024

<b>Report Ref.</b>	<b>Risk Area</b>	<b>Recommendation</b>	<b>Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
		In line with the abandonment procedure, staff should be reminded to speak to neighbours and next of kin where possible, to gather information regarding tenant whereabouts.	Low	Landlord Operations Manager	Agreed - to be brought up in next team meeting.	End of November 2023
		Staff should be reminded to issue seven-day letters to all abandoned properties.	Low	Landlord Operations Manager	Agreed - to be brought up in next team meeting.	End of November 2023
4.4.2	Reputational Risks: Lack of communication between the Housing and Assets teams, resulting in a loss of income.	Performance relating to void properties needs to be regularly discussed with the Compliance team.	Low	Compliance Manager; Landlord Services Manager / Housing Needs Manager	Agreed.	March 2024.
4.5.1	Fraud Risks: Unauthorised persons gaining access to a void property.	A procedure needs to be drawn up to ensure that properties which remain empty after contractor work has completed, are regularly inspected. This is to ensure compliance with insurance requirements and prevent legionella.	Low	Compliance Manager; Landlord Services Manager / Landlord Operations Manager	Agreed.	Summer 2024

<b>Report Ref.</b>	<b>Risk Area</b>	<b>Recommendation</b>	<b>Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
		An illegal occupation procedure should be compiled.	Low	Compliance Manager and Senior Housing Advice and Allocations Manager.	Agreed.	April 2024
4.5.3	Fraud Risks: Belongings left in a property by the tenant not dealt with appropriately	Staff should be chasing unpaid costs as well as making sure that recharges have been charged to the correct individual.	Medium	Landlord Services Manager.	Agreed.	Summer 2024
4.6.1	Health & Safety Risks: Safety of officers/contractors required to visit empty properties	The Assets service risk assessment regarding visits and inspections should be updated.	Low	Compliance Manager	Agreed to review with the Health & Safety and Premises Manager.	Spring 2024

\* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.  
Medium: Issue of moderate importance requiring prompt attention.  
Low: Issue of minor importance requiring attention.