Audit & Standards Committee
Tuesday 21 February 2023

A meeting of the above Committee will be held in the Town Hall, Royal Leamington Spa on Tuesday 21 February 2023, at 6.00pm and available for the public to watch via the Warwick District Council YouTube channel.

Councillor K Dickson (Chairman)
Councillor I Davison (Vice-Chairman)

Councillor M Ashford	Councillor M Luckhurst
Councillor R Dickson	Councillor R Margrave
Councillor G Illingworth	Councillor N Murphy
Councillor C King	Councillor D Russell
Councillor V Leigh-Hunt	Councillor T Wright

Although not members of the Committee, Ms Pyke and Mr Tomkinson, the Council's Independent Persons and Councillor Brian Smart, of Whitnash Town Council representing the Parish/Town Council's within Warwick District) normally attend.

Agenda

1. **Apologies & Substitutes**

   (a) to receive apologies for absence from any Councillor who is unable to attend; and
   (b) to receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

2. **Declarations of Interest**

   Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

   Declarations should be disclosed during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

   Members are also reminded of the need to declare predetermination on any matter.

   If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. **Minutes**

   To confirm the minutes of the meeting held on 18 January 2023 **(Pages 1 to 4)**

4. **Record of the Fees & Charges Review Group Meeting**

   To note the record of the meeting held on 2 November 2022 **(Pages 1 to 2)**

5. **Record of the Budget Review Group Meeting**

   To note the record of the meeting held on 8 February 2023 **(Pages 1 to 2)**

Part A – Audit Items

6. **Audited Statement of Accounts and Audit Findings Report Update**

   To receive a verbal update from Head of Finance.

7. **Internal Audit Progress Report - Quarter 3 2022/23**

   To consider a report from Finance.

   (Pages 1 to 5 and Appendices 1 to 4)

8. **Annual Governance Statement 2021/22 Action Plan: Review of Progress**

   To consider a report from Finance. **(Pages 1 to 10)**

Part B – Other Items

9. **Training Programme for Councillors**

   To consider a report from Democratic Services. **(Pages 1 to 12)**

10. **Returning Officer & Delegations**

    To consider a report from Democratic Services. **(Pages 1 to 3)**

11. **Dispensation for Councillors**

    To consider a report from Democratic Services. **(Pages 1 to 4)**

Published Monday 13 February 2023

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For enquiries about specific reports, please contact the officers named in the reports.
You can e-mail the members of the Committee at auditstandards@warwickdc.gov.uk

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Audit & Standards Committee

Minutes of the meeting held on Wednesday 18 January 2023 at the Town Hall, Royal Leamington Spa at 6.07pm.

Present: Councillors K Dickson (Chair); Davison, R Dickson, Illingworth, King, Margrave, Murphy, Russell, and Wright.

Also Present:
Independent Persons: Mr Tomkinson and Ms Pyke
Portfolio Holder for Resources: Councillor Hales

Officers: Sophie Vale (Committee Services Officer); Graham Leach (Democratic Services Manager & Deputy Monitoring Officer); Leanne Marlow (Electoral Services Manager); Andrew Rollins (Head of Finance), Laurelin Griffiths (Director, Public Sector Audit from Grant Thornton) and Siobhan Barnard (Manager, Grant Thornton).

28. **Apologies and Substitutes**

    Apologies for absence were received from Councillors Ashford and Luckhurst.

29. **Declarations of Interest**

    There were no declarations of interest made.

30. **Minutes**

    The minutes of the meeting held on 22 November 2022 were taken as read and signed by the Chair as a correct record.

31. **Audited Statement of Accounts and Audit Findings Report**

    The Committee considered a report from Finance which provided an update on the progress of the 2021/22 audit. The External Auditor's Audit Update Report was also presented. Whilst work on the audit was not concluded, it was expected that the auditors would issue an unqualified audit opinion.

    In response to questions from Members, the Head of Finance, the Director, Public Sector Audit from Grant Thornton, and the Democratic Services Manager and Deputy Monitoring Officer explained that:

    - the delay of the audit was due to resourcing and staffing gaps within the accountancy team. Officer time being spent on dealing with issues arising from the fall through of the merger with Stratford-on-Avon District Council also had a significant impact on the audit;
    - there were staff shortage issues at Grant Thornton as well, and this was part of a wider issue with capacity nationally. There was also staff sickness at Grant Thornton which delayed things further;
    - a definitive date for the completion of the audit could not be given, but Members were assured that they were working hard to achieve it;

- the increase in the scale fee for the audit from £41,290 to £73,140 was due to the increase in expectations on external audit companies nationally. The final fee would need to be approved by Public Sector Audit Appointments (PSAA). The £21,285 received from the government to help with the cost of the 2021/22 audit would be a one-off payment, but the increased costs had now been included in next year's budget;
- regarding Note 21 (page 13 of the report), it was prudent that the Council wrote off these cash balances, as the Council did not expect to ever receive that money. These historic cash balances had been flagged as an area of risk, and the new financial system had enabled this as it was now easier for officers to identify when a figure did not reconcile in the system;
- regarding the uncorrected items on page 10 of the report, the auditors were making a statement of fact that, in completing the pensions audit, they had identified that £13.6m was owing to the valuation being received in arrears. The information was based on the updated reports received by the Council's pensions actuary, Hymans Robertson, in June. This was primarily due to a conflict in the timing of the draft audit information being received from the pensions actuary and what the final valuations were. The value, whilst large, fell under the Council's materiality level so there was the option to decline changing the accounts on that basis. This would be corrected at the next valuation. This decision would not impact the funding available to the Council;
- the above issue was common in local government due to the timing issue in terms of when the information was available to the pension fund and when the information needed to be available to the local authorities within that pension fund; and
- a report was being brought forward to the Committee's February meeting about mandatory training for Councillors post-election and how Member attendance would be enforced.

Resolved that

(1) the 2021/22 Audit Update Report, including the headlines from the audit, key messages arising from the work and the Value for Money (VFM) procedures to date, be noted; and

(2) it be agreed that the Accounts are not adjusted in respect of the Pensions Valuation as highlighted in the Audit Update Report.

32. **Warwick District Council and Parish Election Scale of Fees**

The Committee considered a report from Democratic Services which sought agreement for the increase in elections fees payable to staff for the 2023 District & Parish Elections.

The Council was required to establish the fees payable to persons employed by the Returning Officer at its elections, held every four years, and at any by-election held in between. The authority for approving these fees had been delegated by Council to the Audit & Standards Committee.

In February 2021, the Licensing & Regulatory Committee approved the Warwick District Council and Parish/Town Council Election Scale of fees,

up to December 2024, subject to the inclusion of any increase as a result of a national pay award for Council employees from 1 April 2021 up to and including 1 April 2024, rounded to the nearest 50p.

This was agreed in anticipation that employees would receive a percentage pay award each year. However, the pay award agreed (in October 22) for April 2022 was for a flat £1,925 per scale point. As this was not a straight percentage increase, consideration needed to be given as to how best to apply this to the fees payable to persons employed by the returning officer.

It was recognised that there would also be additional demands on polling staff through the introduction of the requirement for voter ID in polling stations. It was reported by the Electoral Commission that there was a shortage of individuals who wished to help on elections, and it was an increased challenge at each election to recruit staff of sufficient skills to undertake roles in delivering elections.

There was the additional pressure that the election Count would need to be completed on Friday 5 May 2023, due to the Coronation on the morning of 6 May and the bank holiday the following Monday. To that end, officers would be seeking to have many more staff working at the Count than usual.

Officers were also mindful of the increase of 6.6% for Members' Allowances and the pressures on cost of living at this time.

With these points in mind, officers undertook analysis of the fees for elections and how they aligned to scale points for officers. In mapping these fees against scale points would have meant an average increase by circa 6.21%, the most common increase for a role would be a grade E2 which is an increase between 5.75% to 6.21%.

For these combined reasons it was considered that a 6.6% rise in fees for this was considered appropriate. This was anticipated to be followed by a normal % increase in April 2023 and April 2024.

The Committee was aware that this proposal would be back dated to any elections that had taken place between April 2022 and December 2022. The Democratic Services Manager and Deputy Monitoring Officer clarified that the claim in the report that there were no elections during this time was wrong, as there was a by-election in the Leamington Clarendon ward in June 2022.

The Democratic Services Manager and Deputy Monitoring Officer also introduced Members to the new Electoral Services Manager, Ms Marlow.

Resolved that

(1) the Scale of Fees of Elections be increased by 6.6% in 2023 and any increase as a result of a national pay award for Council workers from 1 April 2021 up to and including 1 April 2024, rounded to the nearest 50p remain in place up to December 2024; and

(2) a full review of the Warwick District Election Fees be undertaken and brought back to Committee for consideration before December 2024.

33. **Appointments to the Budget Review Group Meeting**

The Committee considered the proposals for appointments to the Budget Review Group meeting to be held on Wednesday 8 February 2023 at 6.00pm. It was

Resolved that the appointments to the meeting are Councillors Davison, R Dickson, King and Wright.

(The meeting ended at 7.09pm)

CHAIR
21 February 2023

Fees & Charges Review Group

Record of the meeting held on Wednesday 2 November 2022 in the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors: Cullinan, Davison, R Dickson, King, Margrave, Milton, Redford, Syson and Wright.

Also Present: Councillor Hales, Portfolio Holder – Resources.

1. **Appointment of Chair**

   Councillor Milton was appointed to Chair the meeting.

2. **Apologies and Substitutes**

   There were no apologies for absence.

3. **Declarations of Interest**

   There were no declarations of interest made.

4. **Cabinet Agenda (Non-Confidential items and reports) – Thursday 3 November 2022**

   <u>Item 4 – Fees and Charges</u>

   The fees and charges review meeting:

   1. Thanked officers for their work on report and responses to the volume of questions that came through.

   2. Recognised that the Council was dependent on the professional judgement of Officers and Portfolio Holders on Fees & Charges and that there was no perfect solution.

   3. Recognised the potential financial challenges faced by the community over the next 12 months and it was keen that services remained accessible to them.

   4. Recognised the overall financial challenge for the Council and this was one of three strands of the budget, the others being the government and Council Tax setting.

   5. Recognised the challenges faced with elasticity of demand in that if fees were reduced in one area it may (or may not) result in increased demand that equated to extra income (above that anticipated from the proposed higher fee) from increased usage.

   6. Asked that Officers looked at opportunities to reduce the impact of the increases on sports facilities by keeping any increase below 15% to increase demand, especially being mindful of the legacy of the Commonwealth Games.

7. Asked Officers and Portfolio Holders to look for additional sources of income around potential sponsorship of works or assets or their maintenance.

(The meeting ended at 7.05pm)

CHAIR OVERVIEW & SCRUTINY COMMITTEE
7 March 2022

CHAIR AUDIT & STANDARDS COMMITTEE
21 February 2023

Budget Setting Review Group

Record of the meeting held on Wednesday 8 February 2023 in the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors: Cullinan, Davison, J Dearing, R Dickson, Jacques, King, Kohler and Wright.

Also Present: Councillor Hales, Portfolio Holder – Resources.

1. **Appointment of Chair**

    Councillor Davison was appointed to Chair the meeting.

2. **Apologies and Substitutes**

    There were no apologies for absence.

3. **Declarations of Interest**

    There were no declarations of interest made.

4. **Cabinet Agenda (Non-Confidential items and reports) – Thursday 9 February 2023**

    Item 5 - Local Council Tax Reduction Scheme
    The Budget Review Group supported the recommendations, in doing so recognising the administration burden for the Council of chasing the demand for any percentage of Council Tax to be paid against the balance of lost income.

    The Group encouraged the Cabinet to ensure the message on eligibility was communicated clearly and simply to all residents and targeted to those who the Council considered to be eligible.

    The Group welcomed the assurance from the Portfolio Holder to provide, to District Councillors, a one page eligibility sheet so they could help direct/filter enquiries.

    The Group highlighted that any communication that was issued should highlight the process for making a claim, including an in person option.

    The Group requested that all members be provided with a breakdown of the number of properties within each Council Tax Band to supplement the Table as set out in paragraph 1.4 in the report.

    Item 6 - Council Tax Support Fund
    The Group supported the recommendations in the report

    Item 8 - HRA Budget and Rent Setting
    The Group supported the recommendations in the report.

    The Group were concerned that while the HRA was on target for delivering its plans for 2023/24, in the following financial years the Council may have

to reduce the ambitions in terms of development, decarbonising, decent home standards and support to customers, because of the impact in rental income reduction. While at this time there was not a proposal for cuts, if the restrictions on rent continued there may be a need to.

The Group welcomed the agreement that the Head of Housing would share contact details of the Housing Team Financial Inclusion Officers with all Councillors to help them filter and direct cases.

Item 7 - General Fund Revenue and Capital Budget
The Group did not take a formal view on supporting or not the budget proposals.

The Group raised a number of points that the Cabinet and Council should take into consideration when finalising the budget and Council Tax setting for the 2023/24 financial year:
- The Council only had sufficient reserves for about two years (23/24 and 24/25) to sustain projected deficit of £3.5million
- The change management strategy, from 24/25 onwards, was a key with proposing a positive budget effect of £1.5million recurring reducing the demand on Council reserves
- Not increasing Council tax had a net adverse effect on the budget of just under £300,000 per annum for the Council
- Assumptions had been in the budgeting on a lower anticipated number of new homes and inflation based on OBR, Government, and advisors
- The budget assumed no government funding in 2024/25 but the Chancellor had indicated (with no detail or figures) that this would not be the case
- CEAP reserve of £500k per annum had not been increased to allow for inflation and would be used to fund £70k work on biodiversity (as set on Cabinet agenda)
- There was no further news on the business rate retention reset proposal

The Group noted that:
- Further details of the proposed £160k for Abbey Fields Cycle route would be shared with all Councillors
- There was an error on the totalling in Appendix 5b and a revised one would be circulated to all Councillors
- Officers would share the split of right to buy receipts between the one to one budget and any purpose capital budget
- Officers would share with all Councillors the assumptions and calculations that lead to the MTFS forecasts

(The meeting ended at 7.05pm)

CHAIR OVERVIEW & SCRUTINY COMMITTEE
7 March 2022

CHAIR AUDIT & STANDARDS COMMITTEE
21 February 2023

Title: Internal Audit Progress Report: Qtr. 3 2022/23
Lead Officer: Richard Barr
Portfolio Holder: Councillor Hales
Wards of the District directly affected: None directly impacted

Approvals required	Date	Name
Portfolio Holder	08/02/23	Councillor Hales
Finance	02/02/23	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	02/02/23	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	02/02/23	Andrew Rollins
Section 151 Officer	02/02/23	Andrew Rollins
Monitoring Officer	02/02/23	Andrew Jones
Leadership Co-ordination Group	02/02/23	Various
Final decision by this Committee or rec to another Cttee / Council?	~~Yes~~/ No Recommendation to: Cabinet / Council ……………………. Committee	
Contrary to Policy / Budget framework?	No/~~Yes~~	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No/~~Yes~~, Paragraphs:	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No/~~Yes~~, Forward Plan item – scheduled for …………. (date)	
Accessibility Checked?	Yes/~~No~~	

Summary

The Report advises on progress in achieving the Internal Audit Plan 2022/23, summarises the audit work completed in the third quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

Recommendations

1   That the report, including its appendices, be noted and, where appropriate, approved. Specifically:

1.1   That Appendix 1, containing guidance on the role and responsibilities of audit committees, be noted. (Paragraph 1.2 of this report)

1.2   That Appendix 2, detailing the performance of Internal Audit in completing the Audit Plan, be considered. (Para. 3.1 of this report)

1.3   That Appendix 3, setting out the action plan accompanying the Internal Audit report issued in the quarter, be reviewed. (Para. 4.3)

1.4   That Appendix 4, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 5.2)

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1   Reason for the Recommendations

1.1   Members have responsibility for corporate governance, of which internal audit forms a key part.

2   Background/Information

2.1   The Audit and Standards Committee is operating, in effect, as an audit committee in the context of receiving and acting upon this report. Guidance on the role and responsibilities of audit committees is available from a number of sources. That which relates to audit committees' relationship with internal audit and in particular the type and content of reports they should receive from internal audit is summarised in Appendix 1.

2.2   Essentially, the purpose of an audit committee is:

➢   To provide independent assurance of the associated control environment.

➢   To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

2.3   To help fulfil these responsibilities audit committees should review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.

2.4   The following sections provide information to satisfy these requirements.

3   Assurance

3.1   Management is responsible for the system of internal control and should set in

place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Authority, Internal Audit review, appraise and report on the efficiency, effectiveness, and economy of financial and other management controls.

3.2 Each audit report gives an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands are shown below:

Assurance Levels

Level of Assurance	Definition
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 the controls that do exist.

At the start of each year an Audit Plan is approved that sets out the audit assignments to be undertaken.

4 Progress Against Plan

4.1 A detailed analysis of progress in completing the Audit Plan for 2022/23 is set out as Appendix 2.

5 Internal Audit Reviews Completed in the Quarter and Management Responses to Recommendations

5.1 Ten audits were completed in the third quarter of 2022/23.

5.2 All audits received a substantial level of assurance.

5.3 The Internal Audit reports arising from the completed reviews are available for viewing on the online agenda for the meeting.

5.4 The action plans accompanying these reports are set out for separate review as Appendix 3. This appendix details the recommendations arising together with the management responses, including target implementation dates.

5.5 As can be seen in the Appendix, responses to recommendations contained in reports that have been issued in the quarter have been received in all cases and none is outstanding.

6 Implementation of Recommendations Issued Previously

6.1 All recommendations are followed up once the agreed implementation date has passed. Officers are able to provide an update as soon as they have completed the agreed action, as opposed to waiting to be chased for a response, although a degree of "chasing" is required in many cases.

6.2 The state of implementation for all relevant recommendations is set out in Appendix 4.

6.3 Revised target dates have been provided for five recommendations relating to audits of **Leaseholder Service Charges**, **Open Spaces, Financial Strategy, Planning and Budgetary Control,** and **Housing Investment and Maintenance Programmes**. The target dates in relation to **Leaseholder Service Charges** and **Housing Investment and Maintenance Programmes** had been extended previously.

6.4 Completion of the action in relation to the **Leaseholder Service Charges** audit recommendation had been due to a delay in receipt of information required from an external body. This has now been received so it is anticipated that the action can now be completed.

6.5 Changes in departmental structure and the fallout from the failed merger had impacted the completion of the recommendation from the **Housing Investment and Maintenance Programmes**. A new officer has now been given responsibility for completing this action.

7 Review

7.1 Members are reminded that they can see any files produced by Internal Audit that may help to confirm the level of internal control of a service, function or activity that has been audited or that help to verify the performance of Internal Audit.

8 Alternative Options

8.1 The report is not based on 'project appraisal' so this section is not applicable.

9 Legal Implications

9.1 Not applicable.

10 Financial Implications

10.1 Not applicable.

11 Business Strategy

11.1 Warwick District Council has adopted a Business Strategy which sets out key areas for service delivery. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

11.1.1 **External Impacts**

People - Health, Homes, Communities
Services - Green, Clean, Safe
Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

11.1.2 **Internal Impacts**

People - **Effective Staff**
Services - Maintain or Improve Services
Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

12   Environmental/Climate Change Implications

12.1   An effective internal audit function can assist the Council achieve its environmental and climate emergency objectives.

13   Analysis of the Effects on Equality

13.1   An effective internal audit function can help the Council achieve its equality obligations.

14   Data Protection

14.1   An effective internal audit function can help the Council achieve its data protection objectives.

15   Health and Wellbeing

15.1   An effective internal audit function can help the Council achieve its health and wellbeing objectives.

16   Risk Assessment

16.1   The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

17   Consultation

17.1   Please refer to 'header page' of this report.

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

Internal Audit Plan

Internal Audit Reports.

WARWICK DISTRICT COUNCIL

INTERNAL AUDIT REPORT			

FROM:	Audit and Risk Manager	**SUBJECT:**	Bereavement Services
TO:	Head of Assets	**DATE:**	10 October 2022
C.C.	Chief Executive		
	Deputy Chief Executive		
	Bereavement Services		
	Development Manager		
	Head of Finance		
	Portfolio Holder (Cllr Grainger)		

1 Introduction

1.1 In accordance with the Audit Plan for 2022/23, 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 Bereavement Services (BS) operate from Oakley Wood Crematorium (established in 1971) and several cemeteries located in Leamington, Warwick, and Kenilworth. In addition to this, a number of closed churchyards are maintained.

2.2 On average, the service undertakes approximately 2000 cremations and 200 burials per year. A range of funeral-related services are provided alongside this, including memorials and the scattering of ashes.

2.3 During 2021/22, it was estimated that income for the year would amount to approximately £1.9 million in crematorium fees. The total gross income received was £2,112,198.54.

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. The findings detailed in the following sections confirm whether the risks are being appropriately controlled 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 fee collection process/income due not collected.
2. Incorrect or inappropriate cremation resulting in fines and/or imprisonment.
3. Unauthorised burial or cremation.
4. Breach of regulations and environmental legislation.
5. Staff unsuitably qualified to operate crematorium machinery.
6. Poor administration of cremation and burial arrangements.
7. Poor service delivery resulting in a loss of business.
8. Failure to communicate with funeral directors.
9. Inability to cope with excess deaths.
10. Collusion with funeral directors resulting in loss of income to Council.
11. Safety of staff, contractors and visitors to the crematorium and cemeteries.
12. Damage to cremation equipment/loss of cremation equipment.
13. Paths, trees, and woodland area not appropriately maintained.
14. Failure of new IT system.
15. Records incorrectly maintained.
16. Disruption in utilities (LPG or electricity).

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 Neighbourhood Services Risk Register has also been reviewed.

3.4 These risks, if realised, would be detrimental to the Council with regards to meeting the Health and Wellbeing objectives, as outlined in the Fit for the Future Strategy, which sets out to provide comfort and reassurance to the bereaved through peaceful and well-maintained facilities.

4 Findings

4.1 Recommendations from Previous Reports

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

Recommendation	Management Response	Current Status
Budget monitoring should be carried out monthly and should include communication with the allocated accountant to discuss budget over and under spends. This will help to keep control of the budgets and prevent large discrepancies at the end of the financial year.	Monthly meetings have been set up between the Bereavement Services Development Manager and the Accountant to ensure a robust system is in place to manage the budgets on a frequent basis. Additional time will be scheduled as required throughout the year, for example when fees and charges reports are due.	The Bereavement Services Development Manager (BSDM) confirmed that budget monitoring is not frequently carried out on a monthly basis. However, the BSDM does meet with the accountant on a seasonal basis i.e., during busier times such as September, when fees and charges are discussed. The accountants also regularly help with moving budgets across to the correct codes.

4.2   **Financial Risks**

4.2.1   **Risk: Poor fee collection process/income due not collected.**

Budgets are monitored by the Bereavement Services Development Manager (BSDM) and the Trainee Assistant Accountant. The BSDM has also spoken to the Assistant Accountant regarding changes to nominal codes on the Finance Management System (FMS). Currently budget monitoring is difficult as figures have been quoted against the incorrect codes; for example, £210 has been coded against hospitality expenses. Upon review of the relevant invoices, it was found that this figure in fact related to water cooler expenses. This does not, however, warrant a formal recommendation as the BSDM has already requested a change of coding and asked that the nominal codes for cremations be changed from sale of goods to memorial permits. This will allow the service to allocate the budget correctly in future. There are currently three procurement card holders: the BSDM, the Bereavement Services Assistant Manager (BSAM) and the Senior Cemeteries Officer (SCO).

The accounts from both 2020/21 and 2021/22 were reviewed. Although the final account figures have not run vastly over-budget, expenditure has exceeded the allocated amount in certain areas. Undoubtedly the largest amount of credit has been obtained from interment fees. This has increased from £210,684 to £240,925.77. The biggest debit remains the grounds maintenance contract which has increased from £148,768.16 to £171,321.79. Depreciation charges have seen a slight decrease, as have printing charges and car allowances.

It was highlighted during the audit conducted in 2016 that the Council were unnecessarily paying water rates for two tenants at the Old Milverton Road and Birmingham Road cemetery lodges; these are still showing as active outgoings on the 2021/22 accounts. Both of these properties are tenanted through the Housing team. However, it has not been made clear as to whether there is an agreement in these tenancies which stipulates that the water rates will be paid by the Council. The M&E Energy Officer confirmed that both properties are on secured tenancies. There is, however, only one reference to the 'water authority' in the Milverton Lodge agreement. The Birmingham Road Lodge agreement similarly outlines that the 'Council is responsible for repairing apparatus which supplies water'. The M&E Energy Officer requested to inspect the records held by Castle Water, which revealed that these rates are correctly being paid for by the Council; the Council are responsible for the standpipes surrounding the lodges which correspond to the water rates in the yearly accounts. The Compliance Manager has asked the M&E Energy Officer to clarify if the tenanted dwellings can be independently metered and the utility bills transferred to the tenants.

Invoices are stored on the FMS and the BS team send all invoices and backing sheets to the funeral directors via email. As well as the FMS, the service maintains its own banking reconciliation spreadsheets which outline the cremation and burial fees each month. The fees and charges are anticipated to increase by 15% for 2023/24. These are due to be agreed at Executive at the end of September and subsequently implemented from January 2023. The fees published by the crematorium mostly align with those that have been published on the Council website. However, the crematorium's price list states that a

duplicate certificate for cremated remains is £14, yet this is recorded as £11 on the Council website.

Recommendation – The Crematorium's standard price list should align with the prices quoted on the Council website.

Fees include all professional services relating to the administration of the cremation, use of either the North or South chapel, the scattering of the cremated remains, the provision of recorded music facilities and the use of an organ. The unattended fees do not include the provision of music.

Testing was conducted by the auditor to check that cremations and burials had been charged in line with the correct fees and allocated to the correct codes on the FMS. 11 cremations, 11 interments, 10 foetal cremations and 6 miscellaneous items were viewed. In all cases the fee and invoice had been stored on the FMS under the correct debtor and aligned with the correct fees and charges. It was, however, apparent that many invoices did not contain a requisition number. There was also one invoice which had been numbered incorrectly.

Advisory – Consideration should be given to reminding staff that requisition numbers should be included on invoices.

The testing also ascertained that the invoices had been raised in a timely manner. In 18 cases, the invoice had been raised less than a month after the cremation or burial; in 12 cases, the invoice was sent two months after the cremation.

4.3   **Legal and Regulatory Risks**

4.3.1   **Risk: Incorrect or inappropriate cremation resulting in fines and/or imprisonment.**

Crematorium staff book services requested by the funeral directors through the calendar on the new IT system, Epitaph (implemented on 1 April 2022). Cremations are given unique reference numbers once a funeral has been processed. Within the network files are a standard set of documents which crematorium staff send to funeral directors. These include notices of applications to cremate and medical certificates. Funerals cannot take place until these have been issued either by the Registrar (or by the coroner). Registration normally occurs within five days of the death unless the death is being investigated by a coroner, in which case the death cannot be registered until the coroner's investigations are complete. The details from the applications are entered onto the network database which forms the statutory computerised record. Cremation legislation dictates that details such as the date of death and age of the deceased must be correct on all documents. The medical referee is required to sign the 'Crem 10' document, which ensures that there is no registered cause for further investigation.

Electronic signatures from referees are saved by email onto the system. The authority to cremate ticket remains with the coffin at all times to ensure that the details can be checked for any inaccuracies before cremation occurs. Funeral

directors and ministers are expected to check that the name on the coffin plates correspond to the relevant paperwork. The crematorium staff are able to view any music requests through the Wesley Media portal, which is downloaded to the chapel computers; this will also include webcast confirmation where relevant.

4.3.2 **Risk: Unauthorised burial or cremation.**

All medical records, including the signatures of medical referees, are checked before the authority to cremate card is signed off. The BSDM advised that medical referees are paid based on the number of certificates that they have signed during that particular month. During testing it was found that in all sampled cases, the death had been appropriately signed off by a medical referee.

4.3.3 **Risk: Breach of regulations and environmental legislation.**

The service operates under a Code of Practice which is issued by The Federation of Burial and Cremation Authorities; this outlines the procedures that should be followed both prior and after committal. The Institute of Cemetery and Crematorium Management (ICCM) also provide guidelines for crematoriums regarding infant funerals and the recycling of floral tributes, amongst other topics. There are several strands to the cremation legislation that the service is bound by, including the Births and Deaths Registration Act 1953, the Coroners (Investigations) Regulations 2013 and the Environmental Protection Act 1990. The Environmental Protection Act outlines the statutory laws regarding emission limits, flue gas treatment and the disposal of residues. The Local Authorities Cemeteries Order 1977 Section 18 also stipulates that there is to be no unauthorised entry after the cemetery is closed to the public and all persons shall conduct themselves in a decent, quiet, and orderly manner.

The placing on graves of unauthorised memorials such as artificial wreaths, items of pottery, glass jars and tins is strictly forbidden, and any item placed in contravention of this regulation can be removed by the Council. Wooden crosses or other religious emblems, showing the name of those interred, are permitted as a temporary marker for a maximum of twelve months from the date of the last interment. After this time, they are removed by the Council.

Cremator temperatures must adhere to air quality guidance and are therefore computer-controlled. Combustion occurs in the primary chamber; any products of the combustion process which are not burnt in the primary chamber will pass into a secondary chamber. The secondary chamber is maintained at 800°c by additional burners. The environmental health reports were viewed by the auditor, where it was found that the secondary chamber had been maintained at 800°c per month, in line with regulations. The crematory computers also monitor the carbon dioxide, oxygen, and particulate levels. Equipment is tested through various methods; the cremators use best available techniques (BAT) to continuously monitor emission levels. Exceedances in these levels are reported to the regulator and preventative actions are subsequently taken. The annual, extractive tests determine the emission levels during cremation. These are performed by accredited personnel under laboratory conditions. The data stored on the cremation equipment is then compared with the data collected during

statutory testing to ensure that the data is accurate and guarantee that the equipment is compliant with relevant legislation.

4.3.4 Risk: Staff unsuitably qualified to operate crematorium machinery.

A training matrix has been compiled which outlines the competency levels of individual members of staff. This also highlights on which dates qualifications have been achieved and whether a particular course is currently in progress. There are seventeen training programmes due to be attended by all staff, including manual handling, safeguarding and ICCM measures.

Recommendation – Mandatory training should be given to all staff, as outlined in the training matrix.

Advisory – Consideration should be given to discussing additional/refresher training with staff during the annual appraisal process.

Individual training scheme workbooks regarding operation of the crematory are held on file; these outline the roles expected of a crematory technician. It is evident within this workbook that the technicians at Oakley Wood are suitably qualified; one technician had been awarded a 'good standard' for seventy-four supervised cremations. There are also procedural notes held on file regarding exclusive rights of burial and webcast guidance. Staff are expected to maintain competency which includes operating the crematory at least one week per annum; all staff with this operating qualification regularly use the crematory equipment.

4.4 Reputational Risks

4.4.1 Risk: Poor administration of cremation and burial arrangements.

The crematorium receives written instructions that a cremation is due to take place via an official form. This application states whether the cremated remains are to be removed from the crematorium either by the funeral director, the applicant, or another nominated individual, or whether the remains are to be left on site, either to be scattered with or without a witness, or to be placed behind a plaque. If the applicant subsequently changes their mind over how the remains are to be dealt with, formal notification must be received. Tracking of remains throughout the cremation process was evidenced on the old cemetery and crematorium administration system (CAS).

After cremation has taken place, any remains are raked from the main chamber and placed into a cooling container underneath. The authority to cremate card is attached to a magnetic clip and is moved to each part of the cremator as the remains move through the process. The containers are subsequently taken to be reduced within a cremulator and will be accompanied by the authority to cremate card. The cremulator reduces the skeletal material from recognisable fragments of bones to a granular consistence. Large pieces of metal and artificial joints are removed before this point and placed into a large bin to be recycled unless claimed by the applicant.

Once this process has been completed, the remains are either placed into poly-urns and scattered at Oakley Wood or placed into cardboard caskets and collected by the funeral directors or applicant; containers have a capacity of 200 cubic inches in order to contain the ashes.

If the remains are to be collected, an envelope containing the cremation certificate is attached to the container. This certificate is signed by the individual collecting the remains and is retained by the crematorium as proof of receipt; this is filed along with the completed authority to cremate cards. When ashes are to be scattered without a witness, a period of 14 to 28 days is usually allowed to pass before scattering. Where ashes are to be scattered with a witness, it is up to the applicant to arrange a time for this to occur.

The scattering of remains without a representative present usually occurs early morning when few, if any visitors, are in the grounds. The cremated remains instruction forms are checked to see which are due to be scattered and if a particular location has been requested. The cremated remains for scattering are taken to the required location; the name, and any requirement for strewing is checked again on the instruction form before the scattering takes place. The lawn or area of strewing is checked for any obstacles which should be removed. The ashes are poured close to the ground and cremated remains are then raked or brushed over a minimum area of three-square metres, before being covered with sifted soil. The cremated remains instruction form is then updated with the location of the remains.

If the applicant or representatives attend the scattering, the cremated remains must be placed in a ceremonial strewing urn. A member of staff will meet the applicant and show the identification documentation to reassure those present that they are the correct cremated remains. The member of staff will then escort the family to a suitable location for the strewing. The applicant will then be offered the opportunity to scatter the cremated remains, assisted by the member of staff. Once the strewing has taken place the member of staff must stay a discreet distance away so that the applicant may pray or be silent. Once the applicant has left, the cremated remains are dispersed and covered with soil. Cremated remains may be placed in full-size family graves, where previous coffin burials have taken place. Alternatively, the crematorium may provide a specific cremated remains grave.

4.4.2 **Risk: Poor service delivery resulting in a loss of business.**

A cremation can be conducted within three to four days, but this is heavily dependent on the funeral directors. Testing was conducted by the auditor on eleven samples to check that the cremation had been conducted in a timely manner. It was found on all eleven samples that the cremation date occurred well within thirty days of the registration of death; the largest gap between these two dates was twenty-two working days. There have, however, been several complaints lodged on the system since the last audit was conducted concerning demolition work taking place at the crematorium during services, static coming through the speakers during musical interludes and metals being recycled, despite the family requesting that these be kept. In cases such as these, the complaints have been upheld and resulting action by the crematorium has been to reduce the fees of either the webcasting, music service or use of the

chapel. In one case, an inscription was offered to be placed in the Book of Remembrance free of charge. The BSDM has had confirmation from the Deputy Chief Executive, Head of Assets and Portfolio Holder that the media equipment can be replaced. At present, no formal feedback is obtained from the customer after the service.

Advisory – Consideration should be given to obtaining feedback from mourners regarding service delivery.

Recommendation – Staff should be reminded to check all request forms before a funeral service takes place.

4.4.3 **Risk: Failure to communicate with funeral directors.**

There is no set timescale in place in which the crematorium is expected to communicate with the funeral directors, although staff will prompt them for paperwork when needed. All correspondence with the funeral director is recorded under the network files relating to the deceased individual. The BSDM holds one formalised meeting with the funeral directors each year. The 'Crem 1' document is essentially a formalised agreement between the crematorium and the funeral director and outlines the responsibilities of each party.

4.4.4 **Risk: Inability to cope with excess deaths.**

There is a continuity plan in place which outlines the measures to be taken in the event that the crematorium is unable to deal with excess deaths; this looks at alternative storage methods with funeral directors and hospital mortuaries. There are various options available to provide additional body storage across the area, including hiring an existing storage building or joint centralised storage funded by local authorities. One cremator can carry out approximately sixteen cremations in a 24-hour period. With all cremators operating, approximately 210 cremations per week could theoretically be achieved. However, this calculation assumes full staff availability, 24/7 working and 100% equipment reliability, which is unlikely to be practical. During the Covid-19 pandemic, some funeral directors were able to set up large additional storage facilities.

4.5 **Fraud Risks**

4.5.1 **Risk: Collusion with funeral directors resulting in loss of income to Council.**

Several contracts have been procured for the service including bereavement software and calligraphy work. FG Marshall are expected to update and return the Book of Remembrance a minimum of two weeks before the volume is scheduled to be on display. They are also responsible for replacing the book if it is lost, stolen or damaged whilst in their care. There is also a gas supply contract in place for the delivery of bulk liquified petroleum gas to the crematorium.

The contract with MEMSAFE for memorial safety inspections expired on 31 August 2022. The Procurement Business Partner has confirmed that he is due to meet with the BSDM so that this can be reprocured by March-2023. As spending

with Wesley Media was over £10,000 at the time of the last audit, a formal contract was procured. This contract is based on KPI's; five instances of performance failure for any individual KPI will constitute a critical service failure which may lead to termination of the contract.

Bereavement staff are expected to work flexibly to meet the needs of the service and may be expected to work unsociable hours, including evenings. Weekends and bank-holidays are worked on a rota basis, during which times no immediate access to a manager or supervisory post is available. Therefore, staff require a comprehensive knowledge of the whole service. The BSAM and SCO job descriptions highlight that the post-holders must be expected to operate cremation machinery. The qualification to operate crematory machinery must be obtained within six months of the post start date. They also stipulate that staff members must be qualified in first aid. This aligns with the skills matrix which lists all current staff as first-aid qualified. The most recent first aid certificates were issued in June-2022 and are valid for three years.

There have been several changes to the establishment and the team is due to advertise for an administration officer. The service has also recently advertised for a Bereavement Technical Officer. Staff are not expected to undergo enhanced checks (DBS) because they neither work with vulnerable people nor visit individual houses.

4.6   **Health and Safety Risks**

4.6.1   **Risk: Safety of staff, contractors and visitors to the crematorium and cemeteries.**

The SCO is the only member of staff who is required to work alone; consequently, he has been issued with a work mobile phone and a Solo Protect device. The service abides by the lone-worker policy and fire alarms are regularly tested at the crematorium. Staff are also required to log their start and finish times on flexi cards which are held on the network file. During the audit, it was found that these were all up-to-date.

There is one risk assessment held on Assessnet regarding slip, trips and falls at the crematorium and cemeteries; this is due for review in December-2022. The cemeteries and crematorium are listed on the Council's gritting policy as a high priority, although cemeteries are only gritted if a burial is taking place. Near miss incident reports have also been logged on Assessnet. Most of these have revolved around falls in and around the crematorium; several related to injuries sustained whilst manual lifting had occurred. An external risk assessment has been conducted by LEEC Limited. Asbestos, noise, biohazards, tools, manual handling, hot work, hygiene, lone-working and COVID-19 have all been highlighted as potential risks. During the most recent assessment, the crematorium scored 'green' in their management of all the identified risks.

The service has its own Health and Safety Action Plan which includes high and medium level risks affecting the service. These include providing staff with relevant training as well as assessing substances and testing electrical items. All of these actions have either been completed or are in progress. It is outlined in the SCO job description that the health and safety requirements of the grounds,

facilities and grave digging operations are to be maintained by this post holder. As well as checking the location of all graves for accuracy, this postholder leads all work in relation to memorial safety, including carrying out risk assessments to prioritise inspections and repairs.

4.6.2   **Risk: Damage to cremation equipment/loss of cremation equipment.**

There is a public right of way through Oakley Wood and so the site is exposed to security issues; there are currently no CCTV cameras on site. Leamington cemetery is opened and closed by the caretaker. The grounds maintenance contractor opens the Kenilworth, Milverton and Warwick cemeteries, and these are then locked by the rangers.

The ashes and cremacy cold storage are locked out of hours. All ashes stored in poly urns and boxes were found by the auditor, to have a ticket which included the name and cremation number. The cremacy also had a separate holding wall for ashes wishing to be scattered with or without a witness. When cremations are taking place, the store is left open as access is regularly required both to operate the cremulator and to retrieve ashes for collection. Access to the cremacy itself is controlled by a fob. Mourners can request to enter the cremacy if they wish to see the body cremated; contractors also have access to this. Ashes can only be collected by the applicant, who is requested to provide identification. The certificate of receipt is signed either by the applicant or by the funeral director and accompanies the ashes at all times.

Information can be obtained directly from the cremacy computer and the Senior Environmental Health Officer inspects this data every six months. As the cremacy needs three hours to reach the desired temperature, both crematories are used during busy periods, in order to preserve gas where possible. The equipment held at the cemeteries belongs to the contractors. There is an inventory available, although it is not maintained or reviewed frequently. The inventory on the network files is out of date and shows some equipment as in very poor condition including desks, step ladders, chairs, and cabinets.

The Insurance and Risk Officer does not currently require a copy of the inventory, as information regarding computer equipment is held by IT and covered under computer insurance. The cremators, catafalques and organs are covered under the building insurance as they are classed as fixtures and fittings.

Advisory – Consideration should be given to updating the equipment inventory, highlighting the current conditions of equipment and the date and cost of the items procured.

4.6.3   **Risk: Paths, trees, and woodland area not appropriately maintained.**

Oakley Wood measures 108 acres and is managed by the Warwickshire Wildlife Trust. Twenty-one acres of this belongs to the crematorium and therefore restriction of memorials is necessary. The planting of shrubs, trees and flowers by the public is not generally allowed. Donations can, however, be made to Warwick District Council for the bulb fund. Seven of the twenty-one acres have been set aside for a Woodland Garden of Remembrance.

The cemeteries are frequently surveyed to mitigate the risk of injury from collapse of gravestones and memorials. With regards to tree inspections, a service-level agreement with the Warwickshire County Council (WCC) Forestry team is in place. As bird and bat boxes are donated by mourners, any protected species living upon or within the tree must be reported to the Council so that permission may be obtained from the relevant conservation organisations before works to trees and hedges can begin.

A formal strategy is in place for the management of trees within the district. This divides the Council's tree population into four categories: street trees, woodlands, trees in parks, cemeteries and open spaces and housing area trees. Each area receives priority once every four years with urgent or annual work being carried out in the nonpriority areas. More frequent tree inspections are carried out on trees whose condition has given cause for concern. The tree inspection schedule highlights the trees that the Council maintain. The contract in place with WCC Forestry for the maintenance of the trees managed by the Council, details the timescales in which tree works should take place following inspections. If a tree requires particular attention, the rangers will report it to the Council, who then communicate with WCC.

The crematorium has produced a crib sheet of approved planting which applies to crematorium and natural burial ground land. Planting is only permitted in areas which have been thinned, to allow plants to obtain light. There are areas in cemeteries where donated trees can be planted. Packets of mixed woodland seeds are available from the crematorium, but only specific varieties of plants can be planted in the woodland.

The grounds maintenance contract covers the work which occurs at the crematorium, closed churchyard grounds and cemetery grounds. The contractor is expected to complete grave excavations, backfill graves and supply chapel maintenance (although many of these tasks will be carried out by crematorium staff). The contractor is responsible for the provision of all equipment necessary to carry out the required services. Prior to any grave excavation, the team must carry out a safety check of all nearby memorials. Unattended graves are left locked until the time of the funeral to prevent unauthorised removal. The team are instructed to remove all lockable boards from grave tops one hour before the scheduled burial time and provide safe access to the grave side for the funeral party. To ensure that the grave area is appropriately prepared for a funeral party, the contractor will place an approved artificial grass matting around the area of the grave. On the day of a funeral, the team ensure that all chapels are in a clean and suitable state for the service. They are also responsible for turning the heating on at least one hour before the service and ensuring that hymn and service books are displayed tidily.

The BSAM is involved in the meetings with the contractor and the Green Spaces team, where topics such as the turfing of graves, grass cutting at cemeteries and hedge maintenance are discussed.

4.7   **Other Risks**

4.7.1   **Risk: Failure of new IT system.**

The BSDM is the designated system owner for Epitaph and therefore responsible for determining the appropriate access-levels permitted for each user. The burial ledgers are updated on a weekly basis, with the details from the forms and deeds being input manually. Epitaph is still in its infancy and so there have been a few modifications since its implementation.

4.7.2 **Risk: Records incorrectly maintained.**

Burial registers are kept in fire-proof cabinets; the documents are also scanned so that digital copies can be made available. Ledgers and memorial books are secured by a number lock door system in the office. Current volumes of these books are on display, unless they have been sent to the calligraphers for new inscriptions.

The Book of Remembrance is hand-made, bound in Royal Burgundy leather with leaves of handmade paper. There is one double page for each day of the year and each page has two columns for inscriptions. Inscriptions consist of thirty-six letters on each line and are hand penned in black ink with a gold leaf capital letter embossed on alternating red and blue squares. Remembrance cards matching the Book of Remembrance are presented in a protective wallet to mourners.

The crematorium also hosts an electronic Book of Remembrance which can be viewed at any time. Where the request for an inscription is unclear or illegible, FG Marshall are expected to seek clarification from the bereaved family via the crematorium before the inscription is inked into the book. In the Chapel of Remembrance, the Book of Remembrance is displayed on the days page in a locked glass cabinet. There is digital access available for other entries when the chapel is open. The Chapel of Remembrance is unlocked in the morning and automatically locks after 5pm.

4.7.3 **Risk: Disruption in utilities (LPG or electricity).**

There is no official agreement amongst the neighbouring crematoriums, but Oakley Wood have in the past relocated to alternative crematoriums when crematory equipment has failed; ashes have in the past been cremulated at Coventry. Rugby and Canley crematoriums have a good-working relationship with Oakley Wood, meaning that issues can be sorted at service-level rather than be escalated up to management.

Engineers give a six-monthly service to the crematory machines. Cremators have preventive servicing every six months and analytical monitoring equipment is serviced every three months. The gas tanks have internal telemetry which automatically places an order for them to be refilled. Staff are empowered to speak directly to the cremator maintenance contractor or memorial safety contractor in the event of equipment failure.

If a cremator is continually heated and cooled, the associated expansion and contraction, or thermal shock, will cause the hot face refractories to crack. If the cremator is brought up to temperature and then used continuously throughout the day to carry out a number of cremations, the refractories will only expand

and contract once. Forward planning is therefore necessary to achieve a continuous output of cremations and prolong the life of the hot face refractories. The cremators are routinely serviced every quarter, with a complete reline of the internal brickwork taking place every five years; the current cost of this is approximately £40,000. The hearth is also replaced every two and a half years at a cost of approximately £8000. These costs have been fully incorporated into both the equipment contract and budget projections.

If the temperature within the primary chamber becomes too hot, the process of combustion could accelerate, producing too great a volume of emissions for the cremator to cope with. This could result in damage to the flues, cremator or even the building. Alternatively, if the temperature falls too low in the primary chamber, combustion will not take place. A pressure switch therefore monitors any lack of air in the cremator and prevents the burner from being ignited. This is to stop a build-up of unburned gas which, when introduced to oxygen or flame, could cause an explosion. A warning alarm will indicate to the operator that a problem exists. A flame failure sensor is used to detect that the gas has ignited, and if it fails to ignite for any reason the burner is automatically switched off and the operator alerted. The spark plug and ionisation probe require regular cleaning to remove carbon deposits, which build up over a period of time. In addition to providing the initial surge of heat to begin the process of combustion, the burner is also used at the end of the cremation process to destroy any remaining tissue and calcify the remains. In effect, this reduces the skeletal material to a chalk-like consistency, which can then be reduced into ashes. As the temperature increases, it is necessary to introduce increasing amounts of oxygen in the cremator, to support the combustion process. Failure to do so will result in the production of un-burnt gasses, which will be seen as smoke.

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 1 – The Crematorium price list does not fully align with the Council website.
- Risk 5 – Staff may not have received all relevant training.
- Risk 7 – Checks may not be conducted thoroughly prior to a funeral taking place, leading to complaints from members of the public.

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 the actions are not taken.

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

5.4   The assurance bands are shown overleaf:

Level of Assurance	Definition
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 Bereavement Services – October 2022

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial Risk: Poor fee collection process/income due not collected.	The Crematorium's standard price list should align with the prices quoted on the Council website.	Low	Bereavement Services Development Manager	Agreed.	31 October 2022
4.3.4	Legal and Regulatory Risk: Staff unsuitably qualified to operate crematorium machinery.	Mandatory training should be given to all staff, as outlined in the training matrix.	Moderate	Bereavement Services Development Manager / Bereavement Services Assistant Manager	Timescales for this will vary depending on the individual needs of the member of staff and the availability of courses or internal facilitator.	31 October 2023
4.4.2	Reputational Risk: Poor service delivery resulting in a loss of business.	Staff should be reminded to check all request forms before a funeral service takes place.	Low	Bereavement Services Development Manager	Agreed. Reminder to be discussed at next staff meeting.	30 November 2022

* 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:**	Community Services
TO:	Head of Safer Communities, Leisure and Environment	**DATE:**	12 December 2022

C.C.   Chief Executive
Programme Director for Climate Change
Environmental Health and
    Licensing Manager
Licensing Team Leader
Systems and Service Support
    Team Leader
Head of Finance
Portfolio Holder (Cllr Falp)

1   **Introduction**

1.1   In accordance with the Audit Plan for 2022/23, 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 audit has previously covered two distinct areas of the service: Pest Control; and the Dog Warden. As pest control it is not a statutory requirement a decision was made to omit this function and focus this audit on the statutory Dog Warden function. Following a service restructure last year the function now sits under a new team leader.

2.2   The dog warden function covers dog fouling and lost/stray dogs as well as roadshows and general patrols. Issues such as noise nuisance from dogs are dealt with by other sections within Safer Communities, Leisure and Environment with support from the Animal Warden.

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

3.1   A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussion between the Internal Auditor and key departmental staff and upon review of the Significant Business Risk Register and the relevant Departmental Risk Register.

3.2   The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.

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

1.   Fees charged are not appropriate.
2.   Inability to fund the costs for boarding in line with the kennel contract in place.
3.   Legislation not followed when discharging duty of animals.
4.   The public register is not maintained.
5.   Failure to manage stray dogs and dog fouling within the district.
6.   Lone working policy not followed.
7.   Aggressive or dangerous dogs might attack staff or members of the public.
8.   Resources available to manage the function.

3.4   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 Animal Warden contributes towards the clean and safe aspects of the external services strand of Fit for the Future Strategy Document.

4   Findings

4.1   Recommendations from Previous Reports

4.1.1   The current position in respect of the recommendations from the audit reported in July 2018 was also reviewed. The current position is as follows:

	Recommendation	Management Response	Current Status
1	The 'policy' documents for the Pest Control and Dog Warden services should be reviewed and updated as appropriate.	Policies will be reviewed at the earliest opportunity.	Very few policy documents available. None of which would allow another officer to carry out the role in the absence of the Animal Warden – for example when they are on leave, off sick or days they don't work.
2	Staff should be reminded when new fees come into force.	New fees are circulated at the beginning of each year. Reminders have been sent following this report.	Incorrect fees are being charged. Animal Warden notified and recommendation carried forward in the action plan in Appendix. A.

	Recommendation	Management Response	Current Status
3	All relevant staff should attend the Conflict Management training, with the Pest Control Officers also attending the Lone Worker training.	Staff have been requested to attend internal courses relating to Lone Working and Courageous Conversations from the WDC 2018/19 training guide following this report.	Review of the training completed by the Animal Warden shows that since the previous audit, completed July 2018, the following relevant courses have been completed: Safeguarding Conflict Management Lone working Awareness Prevent Awareness

4.2 Financial Risk

4.2.1 Risk: Fees charged are not appropriate.

The Council charges a penalty charge, an admin fee and kennel costs, when appropriate, in respect of dog services. The penalty charge cannot be changed as it is set in legislation. The Environmental Protection (Stray Dogs) Regulations 1992 prescribes the penalty charge for a stray dog as £25.

The administration fee charged is set on an annual basis as part of the fees and charges report issued to and approved by councillors. The administration fee was last approved at Cabinet on 4 November 2021 as part of the annual fees and charges document. The charge since the 3rd of January 2022 is £30.05.

The costs for the kennels are agreed within the contract. A monthly retainer of £100+vat is paid to the kennels. The kennelling rate is £12 per day and £25 for rehoming dogs to their rescue.

The fees are published on the Council's website, the kennelling costs had not been updated since the contract renewal, once highlighted this was quickly rectified by the Licensing Team Leader.

Although there are template letters in the files for the dog warden function it is understood that they are no longer used. If they were to be issued, they would need updating with the correct fees and charges.

4.2.2 Risk: Inability to fund the costs for boarding in line with the kennel contract in place.

There is a contract in place with the kennels. The contract runs from 1 April 2021 for three years. The charges and the retainer costs are clearly set out within the contract. The contract has a value of £15,000 and was obtained using the three quotes method. The contract is with PDK Trading Ltd. Signed contracts are held and were available to view electronically.

The Council pays all of the charges for boarding and the retainer on a monthly basis. When a customer collects their dog from the kennels they pay the kennels

the admin fee, penalty charge and kennel fees directly to the kennels. This is then paid back to the Council as a credit note. When a dog is not collected after seven days it is discharged from the Council's care to the rescue facility run by the kennels. In these instances the Council is responsible for the seven days of boarding costs plus a £25 rehoming fee.

The penalty charges do not show up under the penalty cost code on the budget sheets. This is because it is received from the kennels as a credit to cover the other costs and fees so the Accountancy team advised that it should be coded to the expenditure code. It is unusual for other penalties to be issued for fouling or not having a dog chipped so there were no other transactions showing on the penalty code.

There is no written procedure in place for the checking of credit notes received to ensure that the Council is receiving the correct income for fees and charges. The credit notes do not have a breakdown to show what they include; instead, they just show as a total sum. The Animal Warden keeps a log of the dogs taken to the kennels so it can be identified which dog the credit note or invoice is for; however, are no documents to show these have been paid or received for the individual dogs. No other staff members have the details to check that the invoices or credit notes are correct. This means that when the Animal Warden is absent checks cannot be performed until she returns to work. If the Animal Warden identifies an incorrect invoice or credit note, the kennels are informed so they can amend or reissue as required.

A sample of invoices and credit notes from a six-month period was reviewed. Neither the invoices nor the credit notes provided enough information for the auditor to determine whether the correct fees had been charged. Although there are details saved on Civica (data management system) and in a "strays spreadsheet" there was little to no breakdown of the costs to enable them to be matched to the relevant dogs. Discussions were had with a number of staff including the Licensing Team Leader and the Accountant and neither were able to confirm whether the charges were correct.

Recommendation

There should be a procedure in place that allows other officers to check that income and expenditure in respect of dog services are correct.

A discussion with the Animal Warden confirmed that they were able to identify which dogs the charges had applied for and what the amounts covered. This discussion highlighted that incorrect charges have been applied for both the kennelling costs and the administration costs. Rather than the £30.05 admin charge, customers have been paying £27 and the kennelling costs are being undercharged by £1 per day. The Animal Warden advised that the kennels will be updated with the new costs so that any future charges would be correct.

Recommendation

The costs should be updated and reviewed annually to ensure they are in line with the annual fees and charges schedule agreed at committee.

A report run using the data on Civica showed that since 1 January 2022 there had been 30 dogs reported as stray or lost. The report doesn't provide further details on whether the dogs were put in the kennels or if the owner was found so individual cases had to be reviewed on Civica.

14 of the dogs were identified as stray and had notes on further actions taken. Seven had notes to say that the dog had been put into the kennels and a further three had a note to say the dog had been moved to kennels and the customer had paid the fees for their release. The remaining four had been in kennels for the required seven days before being discharged to the rescue.

Civica does not at present have codes to show the status of the dog but this is going to be reviewed to allow monitoring to be completed by the line manager of the Animal Warden or other others. At present monitoring isn't completed as it is believed it is not required as dogs will only be returned to owners when the charges have been paid. The process followed means charges and fees can only be confirmed as correct by the Animal Warden, relying on them to know the correct fees and to have made the kennels aware of any changes or increases.

With only one officer able to check that charges and fees are correct there is potential for Council to pay for services it hasn't received or not receiving the correct income owed to them. The recommendations earlier in this audit report should reduce this risk.

4.3 Legal and Regulatory Risks

4.3.1 Risk: Legislation not followed when discharging duty of animals.

The legislation followed is the Environmental Protection Act 1990. That specifies that every local authority shall appoint an officer (under whatever title the authority may determine) for the purpose of discharging the functions imposed or conferred by the act for dealing with stray dogs found in the area of the authority.

The Act doesn't provide further details on whether the appointed officer should be available 7 days a week, just that there must be an officer appointed. The appointed officer is the Head of Safer Communities, Leisure and Environment. Having an Animal Warden supplementary to the duty specified in legislation. The Animal Warden for WDC works three days a week. For the remaining four days the public can report strays by leaving a message on a designated answerphone but there are no provisions in place to collect said animal. The public (if they can catch the stray and have transport) can drop the animal off at the designated kennels or at their local vets. The Council does not have to provide the facility of collection of stray dogs, it only has to provide an acceptance point for people to take strays to, at reasonable times.

There is a number provided on the website to call during office hours to report strays. When called this number goes to a voicemail where the caller can provide brief details. The phone number and address for the Council's nominated Kennels is also provided for members of the public to make contact out of office hours or when the Animal Warden isn't available.

Where any dog seized under the act has been detained for seven clear days after the seizure or, where a notice has been served, and the owner has not claimed the dog and paid the amounts due, the officer may dispose of the dog in any of three ways:

1. by selling it or giving it to a person who will, in his opinion, care properly for the dog
2. by selling it or giving it to an establishment for the reception of stray dogs; or
3. by destroying it in a manner to cause as little pain as possible

Whichever option is applied, it is not permitted for a dog seized under this act to be sold or given for the purposes of vivisection.

A review of dogs which had been kennelled through the Council's dog services found that dogs that were not collected were discharged to the rehoming charity after the specified seven day holding period. Where the Animal Warden was responsible (under the legislation) there were no recent cases identified where dogs had been put to sleep after the seven days holding.

The Kennels (PDK Trading Ltd) stated 'We have an extremely low euthanasia rate, and our policy is that a vet must advise if a dog requires euthanasia due to medical issues and our contracted behaviourist will advise if a dog requires euthanasia due to aggression. Behaviourally, the process is not a quick decision, providing safety is managed, and time is given for all dogs to settle and assessments are ongoing. Our current euthanasia rate remains at 4% for medical issues as deemed by our vet or due to Breed Specific Legislation and advised by Warwickshire Police, and 2% for behaviour issues as deemed by our behaviourists. We use Mike Barnett (ex-DLO and Expert) for behaviour assessments alongside Animal Affinity.'

The contract with the kennels specifies that the kennels will transfer the dogs to their rehoming facilities after the seven-day holding period for a charge of £25 plus the boarding fees for the seven days.

4.3.2 **Risk: The public register is not maintained.**

The legislation states that the responsible officer shall keep a register containing the prescribed particulars of or relating to dogs seized under this act and the register shall be available, at all reasonable times, for inspection by the public free of charge.

A strays list is maintained as required by the legislation. The list contains details of seventeen strays for 2022 so far since 1 January. The register was up-to-date when reviewed as part of the audit and held the details prescribed in the legislation. The details held include: dog type, colour, sex, whether they have a tag and the microchip number.

The public register is not posted on the Council's website due to confidential details being stored on it. Those people wanting to see the list are required to attend an appointment at the Council's offices where they can view a copy.

The register is updated whenever a stray is identified. Where responsibility for a stray has been handed to the police the details are still maintained on the register with a note to show the discharge of responsibility to the police.

4.4   Reputational Risks

4.4.1   Risk: Failure to manage stray dogs and dog fouling within the district.

Stray dogs and dog fouling can be reported through the Council's website which provides information about strays and fouling, a form for reporting dog concerns and a telephone number. The WDC page also directs users to the WDC dog warden's Facebook page.

The Facebook page is actively managed by the Animal warden providing pictures of found dogs, lost or missing dogs and care information throughout the year.

Fixed penalty notices are rarely given out for dog fouling, dog control and on-lead requirements. The Animal Warden carries a pad which allows them to issue a warning for fouling, dog control and failure to use a lead in protected areas. If the warning is ignored it would be followed up with a formal letter. If the offender continues to ignore the warning, they will receive a court request where they would then receive the penalty notice. It is unusual to get to this stage. No cases could be identified where an FPN had been issued.

There have been 216 cases logged for dog requests since 1 January 2022. The timeliness of management of the cases was reviewed.

The response time for the 216 cases was reviewed. This is the number of days it took for the Animal Warden to contact the customer or review the case from when the report was initially received. 10 cases had data missing so no response time or days to complete/close the case could be reviewed. The case with the longest response time took 19 days to respond to the initial report. More than half of the cases were responded to on the same day or within a day of the service request. 8 cases took more than 7 days.

The number of days taken to resolve, complete or close the case was then reviewed for the same sample after removing the 10 cases without any details. 19 cases had some data missing or had not yet been closed as they were recently logged. The longest closed case took 76 days. More than half of cases were closed within 5 days. 58 cases took more than 7 days to close.

Response times and closure times are generally good with more than 50% of cases receiving a response and being closed within 7 days. Management of the reports of strays, fouling and other dog concerns is completed in a reasonable timeframe.

4.5   Risk: Health and Safety Risks

4.5.1   Risk: Lone working policy is not followed.

The Animal Warden has attended relevant training since the last audit including lone working awareness and conflict management training.

The Animal Warden carries a SOLAR ID badge (alarmed ID badge), has a body worn camera available and makes use of the staff alert list available on the intranet and has been provided with the Lone Worker Policy. If they have concerns about the reception they are going to receive on a visit they request another officer or a police officer to attend the visit with them. The Animal Warden has also been provided with a WDC-issued mobile phone.

The lone worker policy is used by the licensing team to help reduce the risks when working on their own. The policy requires that all staff that are issued with a WDC work mobile should ensure that the number is listed in their contact information on the staff search function. There is no mobile number recorded for the Animal Warden. It was confirmed, however, that they do have a working WDC mobile phone.

Recommendation

The requirements of the lone worker policy should be reviewed to ensure that the Animal Warden is following the guidance issued.

The Animal Warden has not received training specifically for the handling of poisons. This is because if there are suspected poisons in dog walking areas this is reported directly to the Street Cleaning team to clean up. Depending on the information received about the poison or unknown substance there may be a post issued on the Council's social media page and potentially it may be reported to Warwickshire Police. As the Animal Warden doesn't handle poisons directly there is no need for additional training for the handling of hazardous substances.

4.5.2 **Risk: Aggressive or dangerous dogs might attack staff or members of the public**.

If there is a report of an aggressive or dangerous dog, the procedure in place is to report it to Warwickshire Police who have legal responsibility to manage them as well as specifically-trained officers. When required, the Animal Warden might assist them when collecting the dog.

There is a simple document saved in the files which sets out the procedure to follow should there be a report or a call about a dangerous or aggressive dog. This was last updated in 2013 so the contact details are unlikely to be correct; otherwise the guidance remains unchanged.

Advisory

Consideration should be given to reviewing the contact details held so officers can follow a procedure in the absence of the Animal Warden.
The procedure for aggressive and dangerous dogs is also set out in the checklist and guidance notes saved in the dog warden folder. It also reinforces the responsibility to alert the police at the end of the guidance sheet, stating: "In the unlikely extreme circumstance of a dangerous or vicious dog, please call the police for assistance on 101. THEY MUST DEAL WITH IT."

Only one case was identified where the dangerous dog procedure had needed to be followed. In this instance the police dog handler had been involved and the dog had been sedated at the scene to allow collection. The Animal Warden had assisted but the police took responsibility for the dog.

4.6 **Other Risks**

4.6.1 **Risk: Resources available to manage the function**

There were no procedure documents found other than the "aggressive dog" procedures. There is a dog warden folder but most of the information, templates and other documents held are out of date.

There is a dog warden checklist and guidance notes which also need updating as it refers to staff no longer working for WDC and provides extension numbers that may no longer be correct.

On discussion with other staff members within the Licensing team they were aware that the Animal Warden works 3 days a week and on the remaining days there is no service provided other than taking messages and requesting people to contact the nominated kennel regarding lost or found/stray dogs. There is no collection facility, only a drop off point in Rugby (approx. 17 miles from the Council's Head Office).

The admin side of the role is managed by a separate team who sit within the environmental health function. They manage invoices and payments and issue letters as required.

In the absence of the Animal Warden there are no documented procedures in place that would allow the function to operate. Should the Animal Warden be absent for an extended period the statutory function would be met, as the Council would be providing a kennelling facility for the dogs. However, there is a risk that stray dogs could be left to roam if a member of the public was unable to transport them to the kennels.

Recommendation

It should be ensured that there are procedures in place so that the function can operate in the absence of the Animal Warden.

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 - Inability to fund the costs for boarding in line with the kennel contract in place.
Risk 6 – Lone working policy not followed.
Risk 8 - Resources available to manage the function.

5.2   A further 'issue' was also identified where an advisory note has been reported. In this instance, no formal recommendation is thought to be warranted, as there is little to no risk if the action is not taken.

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

5.4   The assurance bands are shown below:

Level of Assurance	Definition
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 recommendation arising above is reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Community Services – December 2022

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.1.1	(Risk carried forward from 2018 audit.) The Council may not receive all income that is due.	Staff should be reminded when new fees come into force.	Low	Licensing Team Leader	Email to be sent to Animal Warden and PDK before Xmas shut down listing the new fees. Website will be updated to reflect the changes.	January 2023
4.2.2	Inability to fund the costs for boarding in line with the kennel contract in place.	There should be a procedure in place that allows other officers to check that income and expenditure in respect of dog services are correct.	Low	Licensing Team Leader	'Stray Dog Registration form' to be introduced. Details also to be inputted onto stray dog register. Invoices to WDC will then have unique ref number on them which can be checked against register to ensure correct payment to PDK is made.	February 2023
		The costs should be updated and reviewed annually to ensure they are in line with the annual fees and charges schedule agreed at committee.	Low	EH and Licensing Manager/HOS	A process is being developed to ensure the Animal Warden and PDK are notified when new fees and charges are agreed.	January 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.5.1	Lone working policy not followed	The requirements of the lone worker policy should be reviewed to ensure that the Animal Warden is following the guidance issued.	Low	Licensing Team Leader	Animal Warden work mobile telephone number now on Intranet.	Completed
4.6.1	Resources available to manage the function	It should be ensured that there are procedures in place so that the function can operate in the absence of the Animal Warden.	Medium	Licensing Team Leader	Animal warden checklist and guidance notes to be updated and copies given to staff that deal with animal warden duties.	March 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.

INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	Corporate Health and Safety
TO:	Head of Neighbourhood and Assets	**DATE:**	31 December 2022
C.C.	Chief Executive		
	Deputy Chief Executive		
	Head of Customer and Digital Services		
	Head of People and Communications		
	Compliance Manager		
	Senior Health and Safety Officer		
	Head of Finance		
	Portfolio Holder (Cllr Matecki)		

1 Introduction

1.1 In accordance with the Audit Plan for 2022/23, 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 Health and Safety at Work etc. Act 1974 is the primary piece of legislation covering occupational health and safety in Great Britain.

2.2 Under this Act, the Council has statutory duties that include ensuring that the working environment is safe, that there are no undue risks to health, and that staff and Members are given appropriate information and training.

2.3 Whilst the legislative element is focused primarily on employees, the Council also aims to protect the public from exposure to health and safety risks arising from its activities and those of its employees and Members acting on its behalf.

3 Objectives of the Audit and Coverage of Risks

3.1 A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussion between the Internal Auditor and key departmental staff and upon review of the Significant Business Risk Register and the relevant Departmental Risk Register.

3.2 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.

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

1. Potential for fines, compensation claims, prosecution costs, and increased insurance premiums in the event of accidents and incidents.
2. Non-compliance with legislation.
3. Adverse press coverage in the event of accidents and incidents on Council premises or affecting staff working in or out of their normal workplace.
4. Staff confidence in the Council's arrangements is impaired.
5. Inability to demonstrate compliance with legislation and adequate hazard management.
6. Lone working arrangements are inadequate putting staff at unnecessary risk.
7. Inadequate defence against action resulting from safety incidents.
8. Avoidable impacts on staff morale.

3.4 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:

- Contributing to making the district a great place to live work and visit by ensuring the safety of the Council's staff, operations and buildings.

4 Findings

4.1 Recommendations from Previous Reports

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

	Recommendation	Management Response	Current Status
1	The review of the Driving for Work Policy should be expedited and the final document rolled out to staff as soon as possible.	The driving for work policy is being reviewed and will be consulted upon in due course	Driving for work policy last updated May 2021 and approved by the Workforce Steering Group.
2	Checks on the eligibility of staff to drive on Council business should be undertaken in a uniform manner across the Council with consideration to rolling out the Driver Declaration Form to all staff.	The driving for work policy is being reviewed and will be consulted upon in due course	Eligibility checks may not be carried out in a uniform manner across the Council. See 4.5.2 for current status and recommendation.

	Recommendation	Management Response	Current Status
3	The role and activity of the Safety Representative Groups should be revisited in light of the failure to re-institute properly attended meetings.	A review of the function of the group, its attendees will be undertaken	A new Health and Safety working group has recently been formed. An up-to-date terms of reference document was available on the intranet to accompany the details of the new working group.

4.2   Financial Risk

4.2.1   Risk: Potential for fines, compensation claims, prosecution costs, and increased insurance premiums in the event of accidents and incidents.

The relevant insurance is in place and a copy of the certificate is available on the staff intranet. The insurance runs from November 2022 until 2023. An in-depth review of the insurance cover has not been completed, however, as it is covered in the "Insurances" audit.

An accident or incident causing injury or damage could arise from a health and safety failure. A review of claims or potential claims from employees or from accidents at non-housing property was completed. There were 21 claims or potential claims logged within the last five years. Potential claims are noted when the insurance officer is made aware of something that has happened resulting in an injury or damage but a claim has not yet been made against the Council. The details are logged at the time to ensure they reflect the incident accurately if it does become a claim. Where the Council was found at fault or the incident could have been prevented, control measures have been put in place to reduce or remove the opportunity of recurrence.

In one of the cases the procedures were changed when there was almost an accident (i.e. a near miss). Once it was realised that the accident could have been significant, controls were immediately implemented into the procedure to ensure it wouldn't happen again. There has not been an impact on the premiums paid yet as there has not been any large claims made against the Council.

4.3   Legal and Regulatory Risks

4.3.1   Risk: Non-compliance with legislation.

There is a health and safety policy statement in place. Last reviewed in May 2020, the policy sets out the responsibility and expectations of the Council to ensure, so far as is reasonably practicable, the health, safety, and welfare at work of all its personnel, and that it does not expose the public to health and safety risks by its activities and those of its personnel. The policy also states that the Council will comply fully with all relevant health and safety legislation. The statement highlights the relevant statutory duty placed upon them by the Health and Safety at Work Act 1974 supported by various regulations and

approved codes of practice. The Council benchmarks its health and safety systems against the HSE's "Managing for Health & Safety" (HSG65) model.

Although the policy sets out the responsibilities of staff and identifies key personnel as responsible for service areas and actions, the roles identified are not up-to-date and refer to historic Head of Service positions.

Recommendation

The health and safety policy statement should be reviewed and updated with current information from the organisational structure agreed in October 2022.

The Policy sets out the following responsibilities:

- o All employees – to co-operate with supervisors and managers to chieve a healthy and safe workplace and to take reasonable care of themselves and others.
- o Union safety representatives - functions as defined with "The Safety Representatives and Safety Committees" Regulations 1977" and the associated codes of practice and guidance notes.

The policy is shared with employees and training provided highlights the responsibilities of staff. There is also Union representation on the Health and Safety Working Group as prescribed in the regulations.

The policy is in line with relevant legislation including:

- Health and Safety at Work Act 1974
- COSHH (Control of Substances Hazardous to Health)
- Employers Health and Safety Policy Statements Regulations 1975/1584
- Health and Safety Regulations 1996 and 1992 (2002, 2013 and 2017 amendments)
- Health and Safety (first aid) 1981
- Management of Health and Safety at Work Regulations 1999
- Manual Handling Operations Regulations 1992
- RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
- The Workplace (Health, Safety and Welfare) Regulations 1992
- Electricity at Work Regulations 1989
- Gas Safety Regulations 1996
- Lifting Operations and Lifting Equipment Regulations 1998
- Management of Health and Safety at Work and Fire Precautions Regulations 2003

The Council's compliance with the above legislation is included within the audit of Health and Safety Compliance of Council Buildings and therefore not been reviewed in this audit.

4.4   **Reputational Risks**

4.4.1   **Risk: Adverse press coverage in the event of accidents and incidents on Council premises or affecting staff working in or out of their normal workplace.**

There is no reporting function on the health and safety page on the intranet. The details of two first aiders are included on the intranet, although one of these members of staff infrequently works at Riverside House (RSH). There is an additional member of staff who is first aid trained and is often in the building. This additional member of staff is listed on posters found around the building but not on the first aiders link. The location of the available on-site first aiders is also incorrect as it provides working locations that are pre-COVID.

Under the support teams listed there is a RSH support button but the link is broken.

Recommendation

The links and information available to staff on the intranet should be reviewed to ensure it is up to date and relevant.

Previously there was a link for staff to report building issues and health and safety concerns under the RSH button. This has been moved into the building support area on the intranet.

Staff can report accidents or injury using the Assessnet portal. Reports will then be forwarded to the Insurance and Risk Officer and relevant facility manager to resolve. Training is being developed for staff on how to use the Assessnet portal. There is an updated accident policy due to be circulated which provides guidance on how to report accidents, incidents and near misses. This is expected to be completed within the next few months.

The Media team also has a response procedure in place should there be an issue that could impact the reputation of the Council. Depending on the severity of the health and safety issue, they could release a statement to the press or post it on the Council's social media accounts, update the website or produce posters. Before issuing a statement or any form of response, they would liaise with the Democratic Services Manager and Deputy Monitoring Officer to ensure the wording was accurate.

There is a code of conduct in place which was last updated in 2019. The code contains a health and safety section which sets out the responsibility of the Council and employees. It encourages staff to take reasonable care of themselves and others and use protective equipment where provided. If they have concerns, staff are advised to discuss them with their manager or a senior person with responsibility for the issue.

The health and safety advice and information in the code of conduct is very office focused. This is not unsurprising as it was written before COVID when hybrid working hadn't been considered.

Recommendation

The health and safety section of the code of conduct should be reviewed to incorporate relevant hybrid health and safety concerns.

4.4.2 **Risk: Staff confidence in the Council's arrangements is impaired.**

A fire drill was recently carried out that identified a number of issues which has prompted a review of the current procedure in place. The procedure followed has not been re-written to incorporate hybrid working so still lists the Heads of Service as responsible for some of the tasks including the provision of fire wardens. As the Heads of Services are infrequently on site at RSH the Facilities Manager has taken on this responsibility.

There are a total of seven trained fire wardens at RSH. These staff have been selected as they mostly work from the building rather than at home or at another location. In the event of them not being on site they liaise with each other, providing cover and ensuring area sign-in books are collected.

The sign-in books are, at present, dotted around the building with no central location to collect them from in an emergency. As the fire procedures are being reviewed it may be worth considering the location of these to allow quick and easy collection of them in an emergency, such as at the staff entrance, and perhaps allocating the collection of them to another staff member, allowing the wardens to focus on clearing their designated area.

There have been signage updates that have been completed and put in place to accommodate the hybrid way of working. The signs have been printed in a large format and placed at various points around the building. They list clear instructions to follow in case of fire. There are also maps. However, these need attention as many are missing the "you are here" locator dots. This has been raised with the Facilities Manager who will be ensuring they are added to the maps to help staff and visitors navigate their way out of the building in an emergency.

As changes are being made to the procedure to accommodate / incorporate hybrid working, no recommendation has been made at this time.

There are three staff members trained in lift procedures to release trapped staff members and visitors. If they are unavailable or not on site, the lift has an emergency call button which transfers to Acorn Court where an operator will contact the lift contractors who will attend to release the trapped person/s. The lift release team receive training on an annual basis. Their contact details are provided in the lift so the staff member or visitor can contact them directly.

As highlighted above, there are two staff members identified as first aiders who frequently work from RSH. Lists, found near to exits and stair wells on all floors, provide the names of the fire wardens for that floor or area and the relevant first aiders.

There are HSE posters around the building, many of which are placed in kitchens. These need reviewing / removing as the information may be out of

date. The staff contacts provided are not current so the information on them may also need revising.

Advisory

The HSE health and safety guidance posters may need to be reviewed to ensure the information and contact details provided are current and up to date.

4.5   **Health and Safety Risks**

4.5.1   **Risk: Inability to demonstrate compliance with legislation and adequate hazard management.**

By ensuring staff receive appropriate health and safety training the Council can support compliance with legislation and demonstrate hazard management. Health and safety awareness is provided to all staff as part of the induction training. The training includes manual handling, fire safety and general workplace hazards. Although no refresher training is given, staff are able to book onto additional or refresher training through I-Trent (payroll and leaning system), with approval from their line manager.

The Learning and Development officer said that, although most new starters have attended the training, there are a few who haven't as they were unavailable for the training sessions. They and their managers will receive reminders that the training needs to be completed.

The Facilities Manager provides additional, more specific, training for IOSH – working safely and managing safely. Both training courses have handbooks for staff with information, reminders and guidance available on the intranet. This training covers hazard management and working at height.

In addition to the training provided, there is a health and safety page for staff on the intranet. The page provides links to various policies, procedure documents and information about the Internal Health and Safety Group.

4.5.2   **Risk: Lone working arrangements are inadequate putting staff at unnecessary risk.**

There is an updated lone worker policy in place, approved by the newly formed Health and Safety Working Group and shared with the senior management team on 9 November 2022. The updated policy covers staff who work from home and other locations under the hybrid way of working.

Like the previous policy, up-to-date ICE ('in case of emergency') lists and emergency contacts are a mandatory requirement. ICE lists should be password-protected with access provided to all supervisors and above within each service area.

Upon review of a sample of four shared drives it was identified that, where access was provided, only one service area of the four had an ICE list in place.

Recommendation

Heads of Service should ensure there are ICE lists in place to comply with the lone worker policy.

Emergency contacts are expected to be input onto I-Trent by staff and kept up to date. At the last review completed in July 2022 there were 86 staff members who had not provided any emergency contact details. 40 of these employees sat within one service area (NB under the structure adopted in October 2022 this service area no longer exists).

Recommendation

Line managers should ensure that staff input emergency contact details onto I-Trent.

Before the lone worker policy was approved and shared, a draft copy was provided for the audit. It was noted that the draft didn't cover guidance for staff working in or visiting derelict buildings and sites. This was raised with the Senior Health and Safety Officer who updated the document accordingly.

The requirements for staff who are provided with work-issued mobile phones are included in the policy. Phones should be charged and mobile numbers displayed with the officer information on the staff intranet. From a list provided by ICT relating to contract renewal in January 2022 a sample of 152 work mobile phone users was reviewed. 84 had listed a mobile number on the staff search, three of which had a number listed that was different to the issued device. 64 had no work mobile number posted on staff search but were listed as having a work issued mobile phone. Only 55% of staff in the sample had their number listed. There are around 215 work mobile phones issued to WDC staff.

Recommendation

All staff issued with a mobile phone should be reminded to update the details on the staff search function in line with the lone worker policy.

The policy reinforces the use of solo devices, whiteboards and outlook calendars when working elsewhere, especially in derelict or unmanned buildings. Solo devices have been allocated and are available to staff that have been identified as having a need for them based on risk assessment and their duties.

The Council has a driving for work policy, approved by the Workforce Steering Group in May 2021. The policy references various relevant acts such as the Health & Safety at Work Act 1974, Road Traffic Act 1988, and Management of Health and Safety at Work Regulations 1999. The policy applies for both WDC-owned vehicles and personal vehicles when driven for work purposes.

The policy clearly sets out the responsibilities of the employee and their line managers. However, there is no information provided in the document regarding the monitoring performed to ensure Council employees have provided the required documents. The policy is also missing the appendices A-E referred to within the policy.

Recommendation

The appendices listed should be included in the Driving for Work policy.

There is a section within the policy which states that, to comply with legal duties, staff who use their own vehicles should provide basic documentation to be checked on an annual basis. This includes the employees driving licence, MOT certificate and insurance documents showing that the vehicle is insured for business purposes. These documents should be shown to the employee's manager who is then responsible for logging the details on I-Trent. This applies to any staff members who claim mileage for "work" miles driven.

As this helps the Council comply with legal duties there should be some form of monitoring or reporting in place to ensure that Council staff have the required insurance and MOT certificate for their vehicle.

Advisory

A review into the functionality and reporting features of I-Trent should be completed to see if monitoring and reporting could be implemented in regard to driver document information which has been uploaded to the system.

4.6   **Other Risks**

4.6.1   **Risk: Inadequate defence against action resulting from safety incidents.**

Health and safety issues and concerns can be reported via the "report a repair" button found within building support on the intranet. Building support can be accessed through the RSH button. The Facilities Manager plans to include the reporting button within the RSH page for ease of finding when staff wish to report something.

The reporting button is not specific to RSH and allows the user to report concerns for a number of other corporate buildings. No reports have been received within the last two years.

Risk registers allow staff and managers to identify potential health and safety risks and review the controls in place to help minimise or remove the risk entirely. However, the current risk registers are not available on the intranet. Those on the intranet no longer align with the present structure, predating the COVID pandemic and they do not include up-to-date and relevant risks. The updating of risk registers is being addressed via a recommendation in a separate report, due to be completed by December 2022.

A copy of the Assets 2021 risk register was provided for the purpose of the audit. The register identified the following risk:

- Failure to protect staff, Councillors, contractors and customers from physical Health and Safety Risks

Appropriate controls are in place to reduce or remove risk such as regular testing and checks of equipment, accident and incident reporting / monitoring procedures, training, inspection regimes and insurance.

As covered above in para 4.5.1, staff receive health and safety training as part of the new starter mandatory training. Lone worker training is also included as part of the new starter package. Where it is identified that staff could be working with hazardous substances, additional COSHH training is provided. If there are any updates to health and safety requirements this would be circulated to staff via a big button on the intranet and / or meta pop ups.

The identification of relevant risks in risk registers and the training provided to staff helps to prevent safety incidents which protects the Council from litigation.

4.6.2 **Risk: Avoidable impacts on staff morale.**

A walk-around was performed in RSH, observing any potential health and safety issues and the controls in place to minimise or remove the risk of accidents, injury and damage. Where there were risks identified that couldn't be repaired there were controls in place, such as posters warning not to use the item, or the correct way to use items.

Some health and safety issues are identified internally before they are reported. These include things like lack of heating. When this happens staff are notified via the intranet and updated once the repair or fix has been completed.

There are COVID measures, restrictions and guidelines still in place at RSH. This includes restrictions on the number of people in a meeting room, plastic screens to separate desks, hand sanitising stations and guidelines of when to stay away from the office if you are unwell. Whilst these controls are no longer required according to HSE, the auditor was advised that a decision had been made by the Ways of Working Group to keep them in place at RSH.

The meeting room restrictions mean some teams are too large to meet in the meeting rooms so either they do not meet as a team or they have been using 'The Space'. The Space has been designed as a staff break area or informal working space. For staff wanting to use it as a break area, allowing them to leave their desk, this could be uncomfortable or impossible to do when the area is used as a meeting space for larger meetings. This may impact staff morale as it means they can't use the space as intended to get away from their desk for a break.

When reviewing feedback and comments made by staff at various meetings, face-to-face conversations and comments made on Rumour Mill (anonymous staff questions / comments platform) it is clear that, for some staff, the restrictions in place and the general condition of the building (RSH) are not helping to motivate them to attend the office to interact with other staff. The Ways of Working group have advised that there has been a steady increase in staff using meeting rooms and subsequently desks from when the office first opened up in 2021, although not as significantly as expected.

A review of these restrictions and improvements to the building balanced against the health and safety rationale may, therefore, help to encourage staff to use RSH (or the locations to be used when the Council vacates the current offices), thus improving the environment for staff to meet in person where required or chosen to do so to ensure the 'social glue' is maintained. If staff cannot work from home for a variety of reasons there is a desk available for them to work from on a permanent basis. Staff are also actively encouraged to discuss any issues with their manager and provide feedback through staff surveys.

Advisory

It may be useful to consider the above points and concerns when reviewing potential locations for the new offices.

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 - Non-compliance with legislation.
Risk 3 - Adverse press coverage in the event of accidents and incidents on Council premises or affecting staff working in or out of their normal workplace.
Risk 6 - Lone working arrangements inadequate putting staff at unnecessary risk.

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 little to no risk if the actions are not taken.

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

5.4   The assurance bands are shown below:

Level of Assurance	Definition
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 recommendation arising above is reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Corporate Health and Safety – November 2022

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.1	Non-compliance with legislation	The health and safety policy statement should be reviewed and updated with current information from the organisational structure agreed on October 2022.	Low	Senior Health and Safety Officer	This was updated in March 2022 and reviewed again following the recent restructure when Corporate internal Health and Safety responsibility was transferred to the Head of Service in the Assets team. An updated copy has been shared.	Completed
4.4.1	Adverse press coverage in the event of accidents and incidents on Council premises or affecting staff working in or out of their normal workplace.	The links and information available to staff on the intranet should be reviewed to ensure it is up to date and relevant.	Low	Senior Health and Safety Officer and Facilities Manager	The links are being reviewed and updated or removed as appropriate.	April 2023
		The health and safety section of the code of conduct should be reviewed to incorporate relevant hybrid health and safety concerns.	Low	Head of People and Communications	The agile working policy is currently being reviewed; once completed and approved the code of conduct will be updated to be brought in line with it.	December 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.5.2	Lone working arrangements are inadequate putting staff at unnecessary risk.	Heads of Service should ensure there are ICE lists in place to comply with the lone worker policy.	Low	Senior Health and Safety Officer	Although staff have been advised to do this there seems to be a reluctance with some in providing the information. HR have advised that the request for the information cannot be mandatory so the lone worker policy will be updated to reflect this.	March 2023
		Line managers should ensure that staff are inputting emergency contact details onto I-Trent	Low	Senior Health and Safety Officer	See above. Further requests to staff will be issued advising them to provide this information.	March 2023
		All staff issued with a mobile phone should be reminded to update the details on the staff search function in line with the lone worker policy.	Low	Head of Customer and Digital Services	All staff mobile phones are due to be replaced by the end of the next financial year, and as part of that replacement process, records of staff numbers on the intranet will be updated.	March 2024
		The appendices listed should be included in the Driving for Work policy	Low	Senior Health and Safety Officer	These have now been attached to the policy.	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.

WARWICK DISTRICT COUNCIL	**INTERNAL AUDIT REPORT**

FROM:	Audit and Risk Manager	**SUBJECT:**	Council Tax
TO:	Head of Finance	**DATE:**	16 November 2022
C.C.	Chief Executive		
	Exchequer Manager		
	Revenues and Recovery Manager		
	Portfolio Holder (Cllr Hales)		

1 Introduction

1.1 In accordance with the Audit Plan for 2022/23, 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 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 2022/23 amounts to £86,324,192.40, which is a collection rate of 65.09%. This has seen a slight decrease of 0.15% when compared to the collection rate figures for October 2021.

2.3 Council tax transactions and procedures are processed through the CIVICA Open Revenues management system. There are currently 67,978 domestic properties on the system with a total charge of £142,545,887.63. 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. The findings detailed in the following sections confirm whether the risks are being appropriately controlled 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. Write-offs incorrectly processed.
2. Council Tax rebates incorrectly processed.
3. Non-compliance with Council Tax legislation and internal procedural requirements.
4. Reminder letters/court summonses not sent on time.
5. Poor collection performance leading to loss of income for the Council.
6. Failure to effectively communicate recovery updates.
7. Provision of incorrect information/advice to stakeholders.
8. Collusion in deliberate avoidance of charges or overriding recovery processes.
9. Awarding Council Tax rebate despite customer ineligibility.
10. Physical harm to collection agents/verbal abuse to Council officers.
11. Loss of IT resulting in inability to bill customers/issue demands.
12. Failure of BACS resulting in the Council taking unnecessary recovery action.

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 Finance and Significant Business Risk Registers have also been reviewed.

3.4 These risks, if realised, would be detrimental to the Council with regards to meeting the 'Money' theme of the Council's Fit for the Future Strategy.

3.5 It should be noted that the internal auditor allocated to this review had a previous role in the Revenues department nine months ago. As per the Internal Audit Standards, Standard 1130.A1 states that 'internal auditors should refrain from assessing operations for which they were previously responsible for at least one year after leaving the operation'. Although this situation is the inevitable consequence of having a small internal audit team, neither the Head of Finance nor the Audit & Risk Manager believed this to carry a significant risk if managed carefully. In order to avoid potential conflicts of interest wherever possible, the scope of the audit was agreed with the Principal Internal Auditor, Exchequer Manager and Revenues and Recovery Manager.

4 **Findings**

4.1 **Recommendations from Previous Reports**

4.1.1 The current position in respect of the recommendations from the audit reported in February 2020 was reviewed. The current position is as follows (overleaf):

Recommendation	Management Response	Current Status
The bulk write-off authorisation sheets should be checked for obvious errors and omissions post-scanning.	This is part of the process, and I will ensure this is done.	Write-off authorisations are now checked every 2-4 months. Random checks are performed by the Revenues and Recovery Manager. Any write-offs over £5000 are checked by the Exchequer Manager. All write-offs are checked by the Senior Court Recovery Manager and updated on the system accordingly by the Systems Officer. If there are any issues with the account, the write-off cannot occur until the issue is resolved.
Application of the threshold over which individual authorisation by the Exchequer Manager is required should be clarified in respect of account aggregation and consistently adhered to.	I will ensure that all authorisations in the future include any aggregated accounts that are above the threshold.	This procedure is now in place. Any accounts where the aggregated write-off amounts to over £1000 are monitored by the Exchequer Manager.

4.2 **Financial Risks**

4.2.1 **Risk: Write-offs incorrectly processed.**

As outlined in the Code of Financial Practice, the Revenues and Recovery Manager (RRM) authorises any write-offs over £1000. The Exchequer Manager (EM) authorises write-offs over £5000; all write-offs are checked by the Senior Court Recovery Officer (SCRO).

During testing conducted by the auditor, it was found that the write-off transactions sampled, were appropriately recorded, and substantiated by supporting information. The supporting evidence in each case was consolidated into an 'irrecoverable' form, generated from the system with additional notes on any recovery action taken. The sampled write-offs had been checked by the SRCO and authorised either by the RRM or the EM depending on the amount. Only one sample was found to have no write-off form held on file.

Advisory - Consideration should be given to reminding staff to ensure that all write-off forms and diary notes are evidenced appropriately on the account.

4.2.2   **Risk: Council Tax rebates incorrectly processed.**

In order to recognise the growing cost-of-living pressures, the government announced an energy bill rebate scheme in February 2022. Eligible households in England, in Council Tax bands A-D, received £150. On top of this discount, discretionary funding was also awarded to provide support to vulnerable people and individuals on low incomes that do not pay Council Tax, or that pay Council Tax for properties in Bands E-H. For all eligible accounts, the £150 energy rebate was manually loaded onto the Council Tax account through CIVICA. The rebates were loaded onto the account according to payment groups, so that payments could be closely monitored. The £150 could only be loaded onto the account if the account met the eligibility criteria. If the account did not meet these criteria, it was put into an exception category to ensure that CIVICA did not include ineligible accounts in the bulk payment runs. For those taxpayers paying via Direct Debit, the Revenues team were able to automatically award the rebate in batches. Taxpayers not on Direct Debit, were required to send in bank statements to verify that their sort code and account numbers were legitimate, before the payment was awarded.

During testing, it was found that all eligible accounts had had the £150 appropriately awarded onto the account. Five accounts were in receipt of local council tax reduction (LCTR) and therefore had been given the discretionary £50 as a result of this. One sample was found to be in receipt of an exemption and therefore was not eligible for the rebate. The liability on two further accounts ended before 1 April 2022 and were also not eligible. Two other properties found during testing were void and did not qualify for the rebate.

The discretionary scheme qualifying criteria was aimed at properties in Bands E-H in receipt of LCTR, disabled person reduction, severely mentally impaired disregard, or Council Tax carers disregard. Council Tax Bands A-H in receipt of full LCTR received a £50 top-up payment in addition to the £150. In this instance, full LCTR was defined as 85% for working age claimants or 100% for pensioners. Four of the samples tested were correct at the time that the rebate was awarded, as the LCTR amounted to 85% of the charge.

Certain accounts had the £150 loaded on, removed, and then subsequently loaded back onto the account. The EM confirmed that this was due to a number of factors: either the rebate had been reversed under the incorrect code or the taxpayer chose to have the rebate deducted from their Council Tax charge. In most cases, however, it was because the account had experienced an issue with a Direct Debit or special arrangement (SPAR). In order to solve these issues, the rebate payment needed removing from the account. It could only be loaded back onto the account once the issue had been dealt with. In three cases, the Direct Debit had been rejected, as the taxpayer had cancelled the instruction and the rebate was therefore deducted from the Council Tax charge.

4.3   **Legal and Regulatory Risks**

4.3.1   **Risk: Non-compliance with Council Tax legislation and internal procedural requirements.**

The latest copy of the Institute of Rating, Revenues and Valuation (IRRV) Manual (updated in June 2018) is held on the shared drive for all Revenues officers to access. The Rating Law and Practice covers banding, liability, new dwellings, completion notices, exemptions, discounts, reductions, billing, collection, and valuations. There are also specific chapters dedicated to enforcement, insolvency, and debt administration. There are many examples of Court cases throughout the document, which are used by the RRM for benchmarking purposes. Council Tax bills also contain explanatory notes and refer to relevant legislation regarding Council Tax valuation and appeals.

4.3.2 **Risk: Reminder letters/court summonses not sent on time.**

Reminder letters are not physically available to view on CIVICA, as the software does not save these in letter format. This is purely down to the vast number of reminders that are distributed per week. It was, however, possible to view the accounts that had received reminders on certain dates. The SCRO confirmed that there are no set timescales in which the Council are expected to send first, second and final reminders. Under the regulations, the duty to serve a reminder notice is a duty without time limit, and therefore a reminder may be served at any time after the sum has fallen due.

Reminder progressions are run every week and the parameters identify any account that is in default eleven days prior to the date that they are run. If an account has not been brought up to date within the required time after the issue of the reminder, a summons is the next automatic stage of recovery. Under the regulations, a summons cannot be issued until after the fourteenth day from the issue of the reminder and the right to instalments are lost. The full amount becomes payable at the expiry of a further period of seven days. If two such reminders are served on the liable person during a financial year, the taxpayer will become liable for the whole of the outstanding amount following a third failure to pay, without the need for another reminder. If the ratepayer brings themselves up to date on the reminder, a further reminder will only be issued if there is further default on the instalments demanded.

The total summons costs for the financial year are produced prior to the Court hearing. CIVICA also produces a report which outlines the Council Tax financial controls for the year. As well as the net totals, this lists both the accounts in credit and in debit; this allows the service to monitor the number of accounts in arrears. Currently, the accounts in debit amounts to £44,654,975.99.

A sample of reminder letters was interrogated to ensure that they contained relevant information and had been issued promptly. During testing, it was found that four accounts had started to pay the charge in full at the summons or liability order stage, and so the recovery process was ceased. Two samples had not paid the 2021 charge in full and so immediately received summons in 2022. All samples were appropriately diary-noted.

The recovery team maintain a spreadsheet detailing the reminder letter statistics for each financial year and record how many summons and liability orders have been applied.

4.4   **Reputational Risks**

4.4.1   **Risk: Poor collection performance leading to loss of income for the Council.**

A contract is in place with the enforcement agents, Bristow & Sutor. The most recent contract was signed in October 2019 and will not expire until October 2023. The contract sets out the specifications required of the enforcement agents. All letters, notices, and other documentation sent to debtors by the Contractor is subject to approval by the Council. It is also a requirement that the Council have access to Bristow & Sutor's online software system. All Revenues staff have basic level access to the Bristow & Sutor client portal. However, only the EM and SRCO have full access.

Regular case reports are received from the enforcement agents. Bristow & Sutor rarely seize goods, as they must obtain 'lift approval' either from the EM or from the SRCO in order to physically take control of goods. If this is given, the system will detail the value of goods of which they have taken control. However, this does not mean that the goods will be removed, as this is seen as a last resort. In the majority of cases, the value of the goods is less than the debt and therefore goods can rarely be removed. Where the debtor's goods are sold at public auction, the debtor must be provided with a full statement of the goods sold, the amount realised, a breakdown of the costs incurred and a statement of the amount subsequently outstanding or overpaid, as appropriate.

As outlined in the contract, the EM has regular account management meetings with Bristow & Sutor, wherein performance is discussed and any issues or concerns are highlighted. These take place approximately four times a year. This is to ensure that the correct fees have been charged, visits have taken place and necessary actions have been taken. The number of accounts that have progressed to Bristow & Sutor are monitored through a spreadsheet which is updated monthly; this was last completed 24 October 2022. CIVICA automatically progresses accounts through the recovery stages, without the need for manual input. Where taxpayers have contacted the Council to set up a SPAR, a letter is issued to confirm the repayment schedule.

Whilst refunds are created by Revenues staff, the actual processing of the refunds is undertaken by the SO, who has no valuation, liability, billing, or recovery duties. Revenues staff are not involved in the physical receipting of income relating to Council Tax. Cash posting files are placed on the network by Finance on a daily basis and these are then uploaded to the relevant accounts on CIVICA. Cash posting reports are generated from the system and a cash book spreadsheet is also maintained; this is reconciled to the financial control reports on a weekly basis. The SO also monitors the suspense account and receives a weekly report of any outstanding payments from Treasury.

Summonses are only issued to taxpayers when all other routes of recovery have failed. Contact is made with the enforcement agents on a daily basis in order to update changes to the account recovery. Additional reports can be run from Bristow & Sutor's website, and all Revenues staff are able to generate reports from this system as required. Summonses must be served at least fourteen

days before the date of the Court hearing. Moreover, reminder letters must be served on every person listed on the account. A sample of accounts in arrears was interrogated to ensure that the amount on the summons corresponded to the amount of debt on the account. The accounts were also checked to ensure that the summons had been issued prior to the Court date. All twenty samples had the correct amount of debt contained on the summons and the period of debt this related to was clearly indicated. The stages of recovery had been appropriately communicated to the ratepayer and in nine cases, where the accounts were in joint names, summons had been sent to both parties. In eight cases, the summons had been issued one month in advance of the court date; in five cases the summons had been issued two months in advance. In seven cases, the court date had not yet been decided and so this could not be tested.

4.4.2 **Risk: Failure to effectively communicate recovery updates.**

Testing confirmed that accounts facing recovery action had this correctly documented on the account. A sample of accounts at recovery stage were interrogated to ensure that they had been appropriately diary noted. Thirteen accounts had been appropriately diary noted and a reason for the recovery documented on the account. The remaining seven samples related to accounts that had been passed to the enforcement agents. These are not usually diary-noted, as the recovery stage is displayed on the account as a code. The recovery team monitor the number of accounts at different stages of recovery via a spreadsheet.

The timetable for hearings over the financial year is usually agreed with the Court by the end of March. However, since the COVID-19 pandemic, these have been booked on an ad-hoc basis. Court dates are, however, bookable every two weeks. For each Court hearing, the SCRO signs a complaint form that acknowledges how many persons have been summoned to appear before the Court. ICT are also required to submit a compliance signature which certifies that, at all material times, the computer was operating properly and that the statement of accounts for the persons summoned was accurate.

4.4.3 **Risk: Provision of incorrect information/advice to stakeholders.**

The Valuation Tribunal List for 2021/22 was investigated. It was found that just two cases had been heard regarding exemptions or discretionary relief. These were represented by the RRM and in both cases were dismissed in Warwick District Council's favour. Diary notes and evidence had been saved accordingly against the account. The appeal process regarding incorrect liabilities or band valuations is displayed on Council Tax bills. Ways in which to appeal the recovery process are also outlined to the customer through summonses.

4.5 **Fraud Risks**

4.5.1 **Risk: Collusion in deliberate avoidance of charges or overriding recovery processes.**

All Revenues officers have the authority to amend recovery action or set SPARS. Staff working in the Contact Centre also have the ability to create SPARS but

cannot reset recovery action. A sample of SPARS was interrogated to ensure that details of the arrangements were appropriately recorded on the account and confirmed to the taxpayer in writing. SPARS which are not upheld are cancelled by the SRCO. All twenty samples had been diary noted and confirmed to the taxpayer in writing. In two cases, the SPAR had not been maintained by the taxpayer; in both cases, these had been cancelled by the SRCO. On seven occasions, the first instalment was not yet due at the time of testing.

All Revenue officers and Contact Centre staff have been supplied with Council Tax liability court guidance. Alongside this, officers have been provided with training notes relating to write-offs and SPARS.

4.5.2 Risk: Awarding Council Tax rebate despite customer ineligibility.

Recovery inhibits may be awarded in cases of Individual Voluntary Arrangement, write-off applications or Debt Relief Orders. The SO runs reports which remove inhibits upon their expiry. Inhibits also appear as exceptions on all recovery progression reports and forecast recovery detail reports. Inhibits are mainly applied when a write-off is pending. If the taxpayer has been issued with a liability order, the SCRO can progress the account to the write-off stage and remove the inhibit. If a liability order has not been issued, the inhibit remains on the account for six months to allow time before the bulk write-off progression. Reasons as to why SPARS exist on accounts are documented in the diary notes. This is to ensure that any officer can see that the SPAR has been applied for appropriate reasons.

As aforementioned, taxpayers not on Direct Debit were required to send in bank statements to verify that their sort code and account numbers were legitimate, before the energy rebate was awarded. These taxpayers were also required to submit a formal energy rebate application form. During testing, it was found that in all relevant cases an application form was held on file. A sample of accounts which were awarded the energy rebate via BACS payments were interrogated to ensure that the rebate had been appropriately noted on the account.

Checks were also done to ensure that ineligible accounts were not refunded. All eligible accounts had £150 appropriately noted on the account, as well as an application form and bank evidence uploaded onto CIVICA. Thirteen accounts were in receipt of LCTR and therefore had the extra £50 awarded. One property was void and therefore not eligible; one sample was also a second home and therefore did not qualify under the scheme. Four properties tested were valued above Band E and did not qualify for the rebate; one account was in receipt of an exemption and therefore also ineligible. Properties on Bands E-H in receipt of severe mental impairment disregard (SMI) were only eligible for £150. Those in band A-H on full LCTR or 85% LCTR were in receipt of £150 and entitled to a further £50 discretionary top-up payment. CIVICA set parameters that ensured the rebate was not awarded against more than one property.

Any unclaimed rebate payments are due to be written off as credit. It was confirmed by the RRM that there was no need for an irrecoverable form to be

completed for these write-offs; the Principal Internal Auditor was consulted by the RRM in this decision.

Revenues officers are expected to put write-offs through CIVICA as pending transactions which will then be picked up by the SO in the bulk write-off process; this will occur as-and-when account liabilities need terminating. As of 26 October 2022, there were approximately 266 student accounts affected by this.

4.6 Health and Safety Risks

4.6.1 Risk: Physical harm to collection agents/verbal abuse to Council officers.

Bristow & Sutor are not directly made aware of customers on the Council's staff alert list, although it is outlined in the contract that 'enforcement agents should be trained to recognise and avoid potentially hazardous and aggressive situations and withdraw when in doubt about their own or others' safety.'
The Revenues team advise Bristow & Sutor if a customer has previously made threats of violence towards staff; these are recorded as severe diary notes on the account. There are no specific courses offered to staff regarding conflict management. However, if it was highlighted that specific training was needed, staff could be booked onto this through the Itrent system.

4.7 Other Risks

4.7.1 Risk: Loss of IT resulting in inability to bill customers/issue demands.

The EM confirmed that CIVICA will ensure that a system is available for the Council to use if the Council's own version is lost. This is outlined in the contract with CIVICA, where it is stated that 'the Processor shall ensure that it has in place Protective Measures which are appropriate to protect against a Data Loss Event, which the Controller may reasonably reject (but failure to reject shall not amount to approval by the Controller of the adequacy of the Protective Measures).'

It is also stipulated in Annex four of this contract that priority will be given to main server malfunction or failure. This contract was renewed on 15 August 2022 and is due to expire on 14 August 2024. The current contract value stands at £383,377.64. Ci Anywhere was reviewed by the auditor and it was confirmed that software expenditure has only reached £206,331.71 to date.

There is also an ICT Business Continuity Plan in place which outlines that IT would have a back-up system in place within twenty-four hours. 'The business continuity provider requires twenty-four hours from the point of invocation to 'build' the Council's recovery environment based on the equipment defined in the contract equipment schedule. After which ICT Services' Infrastructure team will recover all services within six days.'

4.7.2 **Risk: Failure of BACS resulting in the Council taking unnecessary recovery action.**

Bills clearly display the address of the relevant property, dates of issue, the current property Band, the account number, and the period of which the demand relates. The amount payable includes charges made by Warwickshire County Council, Warwick District Council and the Warwickshire Police and Crime Commissioner. The Council Tax attributable to Warwickshire County Council includes a precept to help fund adult social care. Any relevant exemptions are discounted from the charge and any previous payments or refunds are highlighted to the customer. Various methods of payment are included on the reverse side of the bill, including Direct Debit, e-payments via the Council website and telephone or barcode payments through the Post Office or Pay Point outlets. The website also lists all available payment options.

All Revenues officers are able to manually suspend reminders and bills. A sample of accounts on inhibits were interrogated to ensure that a valid reason for the inhibit had been recorded on the account. Testing by the auditor confirmed that all twenty samples had been diary-noted accordingly, and a reason supplied by the Revenues officer as to why recovery had been put on hold.

Closed accounts with live inhibits are acceptable, providing that the account balance is set to nil. Furthermore, inhibits do not affect credit payments and therefore inhibited accounts awaiting credit write-offs, do not carry a significant risk as these will be picked up as part of the bulk write-off reports; the inhibits will also terminate upon their expiry date. If it was found that, if an account in debit had been closed, the inhibit would remain in place until the date of expiry. This is to give the ratepayer a chance to pay any outstanding debts.

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 Although a minor 'issue' was identified, no formal recommendation was warranted as there is minimal risk attached to it; instead, an advisory note has been reported.

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 Council Tax are appropriate and are working effectively to help mitigate and control the identified risks.

5.4 The assurance bands are shown overleaf:

Level of Assurance	Definition
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   There are no formal recommendations arising from this report.

Richard Barr
Audit and Risk Manager

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager   **SUBJECT:** Electoral Registration

TO: Deputy Chief Executive   **DATE:** 20 October 2022

C.C. Chief Executive
Head of Finance
Democratic Services Manager and
Deputy Monitoring Officer
Electoral Services Manager
Portfolio Holder (Cllr Day)

1   Introduction

1.1   In accordance with the Audit Plan for 2022/23, 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   All aspects of Electoral Registration are undertaken by a small team in Democratic Services which, under the current, interim, structure sits within the remit of the Deputy Chief Executive.

2.2   The majority of the processes are now electronic with the data held on the Council's register being data matched with information held by the Department of Work and Pensions (DWP).

2.3   Over the last few years, prompted in part by the EU Referendum, there has been a lot more interest from the public in all matters political. This has resulted in an increase in the number of people registering to vote which, coupled with the expanding population of the District, has seen an increase in the number of people on the register, with the current number of registered electors being in the region of 110,000.

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. The findings detailed in the following sections confirm whether the risks are being appropriately controlled 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 set for accessing the register are not in line with legislation.
2.   Insufficient budget (e.g. for postal charges and canvassers etc.)
3.   Changes to legislation are not identified, leading to the maintenance of the register being non-compliant.
4.   The register is not published in line with legislated dates.
5.   Performance monitoring performed by the Electoral Commission finds that the canvass has not been performed in line with legislation.
6.   Inaccurate register.
7.   Electors not able to vote.
8.   Unauthorised disclosure of the full register.
9.   Ineligible electors are added to the register.
10. Lone working and physical safety of canvassers.
11. Staff numbers are insufficient to enable the register to be appropriately maintained or updated in a timely manner in the run up to an election.
12. Inability to recruit canvassers.
13. Failure of the IT system used to maintain the register.
14. Loss of data.
15. Inappropriate contracts are in place / failure of supplier.

3.3   These were identified during discussion between the Principal Internal Auditor, the Democratic Services Manager and Deputy Monitoring Officer (DSM) and the Electoral Services Manager (ESM).

3.4   Whilst the work in this area is not directly linked to the Council's objectives, as it is a requirement under legislation, there are indirect links to specific strands of the Fit for the Future strategy, i.e. the internal Services strand includes an outcome relating to the increased provision of digital services.

4   **Findings**

4.1   **Recommendations from Previous Reports**

4.1.1   This section is not applicable as there were no recommendations raised as part of the last audit of the subject, undertaken in August 2018.

4.2   **Financial Risks**

4.2.1   **Risk: Fees set for accessing the register are not in line with legislation.**

The ESM advised that the fees are prescribed in the Representation of the People Regulations (2001) and, as such, there is no requirement for them to be approved as part of the annual fees and charges report.

The main source of income is from the credit reference agencies. The ESM advised that these are charged £500 per year to include updates. This does not tie in with the approved fees, however, as the ESM advised that the Council is allowed to charge for costs (such as time and printing), notwithstanding that these charges have remained the same for a number of years. As printing is no longer required (with electronic provision of the data), it is suggested that these charges could be revisited.

Recommendation

The price charged to the credit reference agencies should be reviewed to ensure that it still meets the costs of providing the copies of the register.

The ESM highlighted that the other fees received would be based on the specified costs. The fees set out on the 'marked copy' list provided confirmed that the figures had been correctly calculated, based on the numbers on the register.

However, it was noted that there were a few anomalies between the figures shown on the fee 'list' and what was actually charged. The ESM suggested that some of these were 'deliberate' (e.g. the splitting of the admin charge where two separate requests came in from the same party based in the same building) with the others generally being acceptance of the payments received due to the passage of time.

The ESM highlighted that, in 2021, there were so many combinations of data that the candidate was entitled to and pay for, that it was very easy for them to miss the admin fee. The spreadsheet given to the candidates has now been amended to show a total fee being charged.

Due to the materiality of the amounts involved, it is not thought that any further action is warranted.

The fees for the main credit reference agencies are raised through debtor invoices with other fees received through BACS receipts.

An issue was noted on Ci Anywhere that some payments had been allocated to the wrong ledger code and one payment had apparently been credited against the wrong debtor. The Principal Accountant advised that this would have been due to the item being incorrectly identified after sitting in suspense.

4.2.2 **Risk: Insufficient budget (e.g. for postal charges and canvassers etc.)**

The ESM advised that the budgets are discussed with the Assistant Accountant (AA), with the figures based on expected expenditure. No major changes had been expected, although the training budget has been increased due to anticipated future expenditure in relation to the AEA certificate for the new member of staff.

The budget set for the current financial year was compared to that outturn position for 2021/22 and the material variances were discussed with the ESM. No issues were identified.

The ESM advised that monthly meetings are held with the AA to monitor the budget position.

The budget was compared to current income and expenditure levels and material variances were discussed with the ESM. It was noted that there was no

budget for IT maintenance, whereas there was no expenditure against the IT hardware budget.

The AA advised that there is a need for the budget to be vired to the correct code and the position it to be corrected as part of the next budget setting process.

4.3 Legal and Regulatory Risks

4.3.1 Risk: Changes to legislation are not identified, leading to the maintenance of the register being non-compliant.

The ESM highlighted that the Electoral Commission issue guidance and weekly bulletins where they help to interpret any changes to legislation. Schofield's election law books / updates are also used, with updates being periodically provided when changes have been made to legislation.

The latest update (invoice) found was from June 2021 and the ESM confirmed that there had not been any recent updates. However, the Elections Bill has recently received Royal Assent, so it is anticipated that this will be implemented within the current Parliament's lifetime (i.e. before the next General Election) and updates would be expected in line with this.

4.3.2 Risk: The register is not published in line with legislated dates.

The ESM advised that there is no need as such for a formally documented timetable, as all relevant staff are aware of the statutory timetable in place, although she keeps her own records. She showed me her copy from the previous canvass and advised that the current version was a work in progress.

The canvass effectively starts after the May elections, with data being submitted to the DWP for matching from 1 June onwards (the Council had the submission date booked for 27 June).

In the first week of August, those on Route 1 will be emailed with a form then being submitted to those on Route 2 from mid-August. Those on Route 1 will then be sent a form at the end of August if they haven't responded to the email with reminders being sent to non-responders on Route 2 during September.

The telephone canvass will then begin before door knocking and further forms are issued at the end of October / beginning of November, with roughly 5,000 forms being required following the telephone canvass. The register will then be published on 1 December.

The ESM advised that there is no performance monitoring performed on the contractors, although she highlighted that issues, if there are any, would be quickly identified (e.g. if lots of calls come in when forms haven't been received etc.)

The performance of canvassers is checked through the Xpress system, as canvassers complete the forms on tablets and upload the information to the system on a daily basis.

4.3.3   **Risk: Performance monitoring performed by the Electoral Commission finds that the canvass has not been performed in line with legislation.**

The ESM advised that the Electoral Commission monitor the performance of the Elections team with visits to the Council. She highlighted that they have concentrated on those Councils that had elections in May 2022.

The DSM advised that there have been no recent reports from the Electoral Commission on the electoral registration process, although he highlighted that they had queried the lack of 'door knocking' canvassers in recent canvass periods. However, justification (i.e. the COVID pandemic) was considered appropriate.

The ESM also suggested that self-assessments would be more relevant to elections as opposed to electoral registration / canvassing as the Council sticks to what the Electoral Commission suggest.

4.4   **Reputational Risks**

4.4.1   **Risk: Inaccurate register.**

The ESM advised that specific checking of data input is not performed. However, any issues with data would be identified when the annual data submission to the DWP is performed, i.e. if no match comes back, it could be that the data had been input incorrectly and this would be followed up. The ESM suggested, however, that this is very rare, with the only issues generally identified being those where the Council needs to see relevant documentary evidence to register someone.

The Electoral Services Assistant (ESA) goes through the error logs following each election and will update the system accordingly. The ESM advised that very few actual 'errors' are recorded on these documents with most entries relating to people moving, changes to postal vote registrations and missing people, with most forms coming back blank.

This was borne out upon review of the paperwork from the latest sets of elections (by elections and local plan referendums as the Council had not had any elections in the last round). Very few 'errors' were recorded at all, with the vast majority of forms being blank.

One change of address was noted and it was confirmed upon review of the system that these had been updated accordingly.

4.4.2   **Risk: Electors not able to vote.**

The ESM highlighted that people are no longer removed from the register if they do not respond to the canvass forms due to the reform of the registration process, with those that follow route 1 not needing to respond.

She suggested that there is not much in the way of local advertising undertaken to encourage people to register as the Electoral Commission put lots of adverts out in the run up to elections.

The Council's social media channels are, however, used to make people aware of how to register (and how to apply for an absent vote), especially in the run up to the main elections and during the annual canvass. Household notification letters are also sent out, advising who is on the register so that the details can be updated before the elections where appropriate.

When a planning application for a new property is put on GIS, it will be pushed through to a 'future' properties area on the Xpress system before being moved to a 'holding area' once the property is complete. From there, the Electoral Services Officer (ESO) will move the property into the relevant polling district.

The ESM highlighted that nothing is sent out to identify who has moved into the property, with the Elections team waiting for the new residents to contact the Council. However, empty property poll cards will be sent out prior to elections, highlighting to residents that they are able to register.

4.4.3 Risk: Unauthorised disclosure of the full register.

The ESM advised that the system can be set up with different authorisation levels, so different staff can only see the parts that are relevant to them. Staff in other Council departments can only access the system through the 'web register' (WebReg).

The County Records Office and Leamington Library have copies of archive registers which can be viewed.

Credit reference agencies can have copies of the full register and get monthly updates which they access through a secure web link.

4.5 Fraud Risks

4.5.1 Risk: Inelligible electors are added to the register.

The ESM advised that, if evidence is required to be submitted (e.g. the residents have not been matched during the data matching), copies of relevant identification documents need to be submitted.

It was not possible to undertake direct testing of this process as, once processed, the evidence is shredded.

4.6 Health and Safety Risks

4.6.1 Risk: Lone working and physical safety of canvassers.

The ESM suggested that a risk assessment had been performed for canvassers, although this could not be located on AssessNet and the previous (paper) copy could not be found.

Recommendation

An (updated) risk assessment for canvassers should be performed and recorded on AssessNet before the next round of door-to-door canvassing is undertaken.

The ESM advised that there have not been any recent checks of the staff alert list as there have not been any physical canvasses performed and it was not felt necessary for phone canvassing. She suggested that none of the phone canvassers had received any verbal abuse with those contacted suggesting that it has been a more helpful route.

Advisory

Consideration should be given to performing data matching exercises (with Community Protection) of properties to be physically canvassed against the properties on the staff alert list, with an assessment of any issues raised being undertaken to identify if there are any properties that should be omitted from the door-to-door canvass.

4.7   **Other Risks**

4.7.1   **Risk: Staff numbers are insufficient to enable the register to be appropriately maintained or updated in a timely manner in the run up to an election.**

The ESM highlighted that the team were one member of staff plus some additional hours down on what was required. However, the DSM had been given approval to appoint an extra member of staff (for two years).

The DSM confirmed that the approval had been received and advised that (at the time of audit testing) an advert was live for a full-time member of staff.

Where necessary, part-time members of staff work extra hours to help out and committee secretaries had, in the past, been called on but they are now generally working from home and are not generally available.

4.7.2   **Risk: Inability to recruit canvassers.**

The rate paid to canvassers is based on the salary of two part-time members of staff who are on grade G with the canvassers being paid at the bottom of the grade below (H) plus 'holiday pay' (12.07% increase) which, at the time of the initial payment was roughly £10.99 per hour.

It was noted that the canvassers received the salary uplift for 2021/22 when the pay award was approved. However, a recent advert for canvassers for 2022 still included the rate at £10.99 (although the post noted that a pay award was pending which relates to the 2022/23 award but would also cover the uplift that had already been received).

Advisory

Consideration should be given to ensuring that the correct rate of pay is advertised so that the adverts stand the best chance of attracting applicants.

The ESM advised that the canvassers had been paid through payroll in December. Timesheets had been completed by the canvassers which were checked by the ESM with the details being put onto a calculation summary spreadsheet. The figures were then input onto iTrent by the individual canvassers.

Testing confirmed that all payments had been made correctly based on the timesheets submitted and the calculated hourly rate.

4.7.3   **Risk: Failure of the IT system used to maintain the register.**

The main contract in place (originally with Xpress Software Solutions Limited and now with Civica Xpress (Civica UK Ltd)) includes details of support. The Application Support Team Leader (ASTL) advised that the system is supported by his team although this is more of a 'second line' (i.e. the service area will contact the system supplier if there are issues and they will provide support to them on the internal aspects when required).

The ESM advised that the Council would apply all relevant upgrades and patches. However, she highlighted that there is no test system on which to trial the amendments.

The ASTL confirmed that the Application Support Team would download the patches / updates and implement them via a system interface. He also confirmed that, with no test system available, the change requests would not be action unless approved by the ESM or the ESO.

4.7.4   **Risk: Loss of data.**

The ESM advised that forms and identification documents will generally be processed as soon as they are received although if it is not possible, they documentation will be locked in a cupboard. However, most documentation is received in electronic (scanned) format.

Where hard copy documents are received, they will be disposed of in the 'normal' confidential waste bins.

The ESM highlighted that canvassers will generally input the information directly onto the iPads provided, with part of the training given to them covering data security.

The ASTL confirmed that the system is included in the daily, weekly, and monthly back-up routines.

4.7.5 **Risk: Inappropriate contracts are in place / failure of supplier.**

A review of current year expenditure against the Electoral Registration cost centre was performed on Ci Anywhere. There were only two real areas of spend, covering printing and postage.

The printing contracts were recorded on Ci Anywhere, with the relevant orders highlighting if they are under contract.

Some of the postage expenditure was covered under the same orders and contract, with other spend being with the Royal Mail Group for which no specific contract was recorded although this is not thought to be an issue.

The ESM advised that the main contracts in place (i.e. the Xpress system and other services through Civica) had been extended for twelve months due to the (now abandoned) merger.

She highlighted that there are only a couple of different systems in place and the electoral management companies work with the Department for Levelling Up, Housing and Communities (DLUCH) as the systems have to work as prescribed in legislation.

The ESM advised that there is no real need for contract management for the contracts in place due to the types of services being provided and the fact that the systems are in line with Government requirements.

She highlighted that Civica user group meetings are attended to keep up to date with any changes to the system.

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 1 – Fees set for accessing the register are not in line with legislation.
- Risk 10 - Lone working and physical safety of canvassers.

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 the actions are not taken.

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

5.4 The assurance bands are shown overleaf:

Level of Assurance	Definition
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 Electoral Registration – October 2022

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial Risks - Fees set for accessing the register are not in line with legislation.	The price charged to the credit reference agencies should be reviewed to ensure that it still meets the costs of providing the copies of the register.	Low	Electoral Services Manager	This can be reviewed during the next electoral canvass.	October 2023
4.6.1	Health and Safety Risks - Lone working and physical safety of canvassers.	An (updated) risk assessment for canvassers should be performed and recorded on AssessNet before the next round of door-to-door canvassing is undertaken.	Medium	Electoral Services Manager	A new risk assessment will be completed for the personal canvassers carrying out the door knocking canvass ahead of the Canvass in 2023. As part this we will explore the potential of the staff alert list as set out within the advisory note.	June 2023 (in time for the next Annual Canvass)

* 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:**	Financial Strategy, Planning and Budgetary Control
TO:	Head of Finance	**DATE:**	28 October 2022
C.C.	Chief Executive Strategic Finance Manager Portfolio Holder (Cllr Hales)		

1   **Introduction**

1.1   In accordance with the Audit Plan for 2022/23, 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 Medium-Term Financial Strategy (MTFS) details the general fund revenue statement forecast for a rolling five-year period. The MTFS identifies if additional revenue savings or income are required with the objective of achieving a financially balanced general fund.

2.3   Financial planning processes should ensure that financial resources are allocated to the identified priorities of the Council, including both mandatory and discretionary services, whilst budgetary control processes should ensure that actual income and expenditure is in line with those plans, checking that spending limits are not exceeded with financial adjustments being made to keep spending within approved budgets.

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

3.1   A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussion between the Internal Auditor and key departmental staff and upon review of the Significant Business Risk Register and the relevant Departmental Risk Register.

3.2   The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.

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

1. Insufficient and / or uncertain finance to enable the Council to meet its current and future objectives.
2. Unforeseen financial liabilities or Services not flagging known areas of future expenditure.
3. Formal budget setting timescales are not adhered to.
4. The Council must cease certain popular services due to poor financial planning or lack of funds.
5. The Council is unable to set a balanced budget / MTFS shows a future deficit.
6. Processes not adhered to increasing opportunity for fraudulent / unauthorised expenditure.
7. Stress of managing workload if resources or capacity is limited.
8. Work spread unevenly amongst teams leading to enhanced pressure on some staff.
9. Loss of staff knowledge through staff retention issues / recruitment challenges.

3.4 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:

- Core financial administration processes underpin the Money strand of the Fit for the Future strategy in place.

4 Findings

4.1 Recommendations from Previous Reports

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

	Recommendation	Management Response	Current Status
1	The 'Managing Your Cost Centre' course should be made mandatory for new budget managers with consideration being given to running this as refresher training for existing budget managers.	The Strategic Finance Manager will liaise with HR to ascertain how to make the course mandatory for new starters with budget management responsibility.	The Learning & Development Officer confirmed that accountants are encouraged to schedule the training but it is not mandatory. There is a meta reminder circulated but not training specifically as a refresher.
2	Limits relating to capital expenditure set out in the Code of Financial Practice should be reviewed to ensure that they remain relevant.	Capital limits will be reviewed to ensure appropriate delegations are set to allow the HIP to support the needs of the service within the agreed total budget.	Code of Financial Practice available is from 2015 so has not been updated since the last audit. There are no "review" dates published so it may not have been reviewed since its production in 2015.

4.1.2   It is considered by Internal Audit that two of the recommendations from the previous audit of Financial Planning and Budgetary Control require further consideration. Please note the below risks were highlighted in the internal audit report from September 2016, noted as unresolved and carried forward in the March 2020 report.

Risk

Managers may be unaware of their budget management responsibilities.

Recommendation

The 'Managing Your Cost Centre' course should be made mandatory for new budget managers with consideration being given to running this as refresher training for existing budget managers.

Risk

Limits stated in the Code of Financial Practice in relation to (Housing) capital expenditure may not be appropriate.

Recommendation

Limits relating to capital expenditure set out in the Code of Financial Practice should be reviewed to ensure that they remain relevant.

4.2   **Financial Risks**

4.2.1   **Risk: Insufficient and / or uncertain finance to enable the Council to meet its current and future objectives.**

The MTFS is a rolling document which is updated and changed as needed. There are currently two live documents, one of which has been updated to show the financial situation without the merger between SDC and WDC. The other document, although no longer a "working" document, showed the strategy with expected financial outcomes should the merger have continued.

Members are provided with updates regarding the status of the budgets when significant amendments are made as well as receiving quarterly reports. The MTFS was approved by Committee in December 2021 as part of the quarter two budget report.

The most recent updated to the document had incorporated changes from a report approved at committee meetings which had budget implications. Other budget changes from earlier in the year had also been reflected in the strategy. Some of the changes included the "applause" initiative, ICT systems alignment costs, estimated pay inflation and expected income for garden waste payments.

The MTFS includes estimated income for Council Tax as well as potential expenditure for inflation on contracts. There are a number of grants and payments the Council receives that are underestimated, as the final amount has not yet been declared, or there has not been a figure allocated as they are

received late in the year and not a guaranteed income - for example, the Local Finance Settlement Figure which is usually received in late December. The reserve funding includes costs associated with the Commonwealth Games, Jubilee Celebrations and the neighbourhood plan.

The budgetary spreadsheets show an allocation towards the relocation of the main Council office but no savings could be identified or additional costs associated with the closure of the fourth floor. This could be due to the spreadsheet assuming "worst case scenario" outcomes.

A review of the ICT access properties for the budget setting and MTFS spreadsheets was completed. The access is restricted to appropriate officers within Council, this includes Finance and ICT support staff.

The responsibilities for budgetary control are set out within the Code of Financial Practice which is available to all staff via the intranet. The Code was last approved in 2015 and should be reviewed - the recommendation in para. 1.2 applies here. The responsibilities are set out for the Executive, Council, Head of Finance (previous job title – now 'Head of Financial Services'), heads of service, budget managers and the Chief Executive

Backup copies of the budget spreadsheets and the MTFS are completed as part of the Council's main backup programme.

4.2.2 **Risk: Unforeseen financial liabilities or Services not flagging known areas of future expenditure.**

Accountants meet with budget managers regularly and encourage them to inform the accountant of any changes that would have financial implications. All managers are contacted at year-end and asked to provide any details or concerns where budget changes may need to be considered or provisions need to be made.

Budget updates are shared with the senior leadership team (SLT), agendas and summaries of SMT meetings are available for all staff to view on the intranet. The sharing of budget updates

Where a budget change has been needed the MTFS and budget sheets have been adjusted accordingly. A number of significant changes were identified on the spreadsheet and could be tracked back to committee reports where the change had been approved.

Accountancy staff work alongside service areas when they are managing larger projects or contracts to help ensure that costs are considered and reflected accurately in the strategy. Meetings are held regularly throughout the year to review any additional budgetary considerations.

4.3 **Legal and Regulatory Risks**

4.3.1 **Risk: Formal budget setting timescales are not adhered to.**

The budget book sets out the Council's income and expected expenditure across the year. The latest version of the budget book was reported to Cabinet and approved by Council in February 2022. The book shows the sources of income and areas of expenditure in both spreadsheet and pie chart format allowing a quick overview of the figures as well as more detailed information.

Reports are issued to SLT and managers forum on a regular basis as well as a report to committee on a quarterly basis. Minutes for SLT are available on the intranet and could be reviewed to show the finance position updates shared. The meeting minutes from 14 July showed that the reports had been discussed and circulated appropriately. The minutes from a managers forum meeting on 1 September show that the budget update was shared along with timeframes for the updated fees and charges and budget setting for the next financial year. The minutes highlight the savings the Council needs to make.

Committee meeting agendas were also reviewed and quarterly budget update reports had been presented to Executive. Confidential reports were also found where changes needed to be made to the budgets. These changes could be followed through from the reports to the MTFS.

Reminders are sent to officers asking them to speak to their allocated accountant should they have any expected changes which will impact their budgets. Reminders are also issued for the updating of fees and charges to ensure they can be reviewed and presented to committee in time for the changes to be advertised and in effect from the beginning of January. The current fees and charges was approved on 4 November 2021. The fees and charges for 2023 are currently being reviewed and calculated, with an expectation that they will be reported and approved at Cabinet on 3 November 2022.

The completion of the fees and charges allows the budgets to be prepared and approved in February with the Council tax billing. The current budget was reported to Cabinet on 10 February 2022 and approved by Council on 23 February 2022.

4.4   Reputational Risks

4.4.1   Risk: The Council has to cease certain popular services due to poor financial planning or lack of funds.

There are risk registers in place that budget managers and accountants can use to help manage and plan their budgets. By identifying relevant potential risks, appropriate controls and contingencies can be implemented. Some key potential risks identified include insufficient finance to sustain services or to meet objectives and contract failure. The risk registers available on the intranet for staff use are from 2019. There have been a number of changes since then both locally and nationally, with service area reorganisations and the pandemic. It is important that the risk registers be kept up-to-date so that budget managers and accountants can consider and use relevant and current potential risks to inform their budgetary decisions.

Recommendation

The Service Area risk registers available on the intranet should be updated annually to ensure they reflect relevant and current risks.

Reports to Cabinet reference factors including budgets, ensuring that managers and officers consider the impact of the report on budgets and financial planning. An assessment of risks is also incorporated into report templates which provides another opportunity to identify budget changes and considerations. The "financial" section of the report template states:

> *4.2.1 Include a summary of the financial implications of the proposal for either the relevant Council or both Stratford and Warwick.*

Advisory

The current report template online is the shared WDC and SDC template. This will need reviewing and updating to be relevant for WDC only.

The reserves held were previously reported quarterly to executive. The reports show variances to the budgets and the impact on services should changes not be implemented. As mentioned in para. 4.3.1, budgets are discussed at Managers Forum meetings which includes information about savings to be made and reminders to review the budgets to help to reduce the risk of unplanned expenditure.

4.4.2 **Risk: The Council is unable to set a balanced budget / MTFS shows a future deficit.**

Budget meetings between accountants and budget managers are carried out throughout the year allowing changes to be considered and implemented. A "budget changes to action" (BCA) spreadsheet is updated to reflect these changes which can them be considered and implemented on the MTFS.

Accountants work alongside service areas, reviewing budgets with the officers, so that any projects or contract renewals are considered with the relevant costs taken into account. These include contracts such as leisure centres and waste management contracts and projects like the commonwealth games and the Council head office plans. The BCA spreadsheet includes changes such as staffing changes in service areas, restructure costs and Climate Change Programme Officer funding.

The MTFS at present shows a deficit of £1.4m with a forecast of a £3m deficit for 22/23 based on the expected price rises. A saving of £3m needs to be secured.

The budget spreadsheets for budget managers are clearly set out and include a range of expenditure sections and income (where required).

4.5   **Fraud Risks**

4.5.1   **Risk: Processes not adhered to increasing opportunity for fraudulent / unauthorised expenditure.**

The responsibilities for budgetary control are set out within the Code of Financial Practice which is available to all staff via the intranet. As mentioned earlier in this report the code may be in need of a review to ensure the processes are relevant and the officers and roles with responsibility are current.

There was a Meta training issued recently for budget managers regarding the closure of accounts for 2021/22. The meta was still live on 9 September 2022 and due to be taken down. 221 staff had acknowledged and confirmed the process and 238 had responded to say they weren't involved in the process.

An email was circulated to managers forum on 20 July requesting that managers consider and declare any contingencies and liabilities for the end of year process. The email provides scenarios and examples of the information they needed to consider and declare.

There are currently 57 budget managers identified on the budget sheets. Although there is advice available for budget managers on the intranet on how to find out what their approved budget is for the year, the advice is outdated and signposts the user to links that no longer exist. Within another Finance Services page there are additional guide documents but these also do not have a link.

Recommendation

The advice and FAQs on the intranet Finance Services pages should be reviewed and updated.

The budget book is not available through the intranet Finance pages and the search function does not produce the current book in the results, the most recent result showing as 2019-20. The book is available within the shared accountancy computer drive.

Recommendation

To make the budget book readily available for officers to view, the files available on the Finance page should be reviewed and updated.

There are various training documents online for all staff providing instructions on how to use the basic functions of the finance system such as logging on and navigation. Some of the training documents for budget managers are no longer fit for purpose as they "talk" the users through the old finance system.

Recommendation

The training documents available on the intranet for budget managers should be updated so the guidance can be used with the new finance system.

No guidance could be found on the intranet documenting the expenditure authorisation process. Authorisation limits are set for officers who have the ability to authorise expenditure. A sample of staff was asked if they knew what the upper limit was that they could authorise. There were mixed responses with some staff unsure of the amount they could authorise. The authorisation list and limits are published within the finance system.

Advisory

Staff who can authorise expenditure could be notified and made aware of their authorisation limit.

When entering a purchase amount into the finance system for approval there is no hierarchy or details to tell the user the limit of the authoriser they are selecting. This means they could be unknowingly selecting an officer with inadequate access level. This is more of a finance system issue and could be overridden by selecting a higher level of management to authorise payments. The system does automatically escalate the authorisation up to the next level where limits aren't high enough. In these cases, though, the system would not know if that officer was on leave potentially stalling payments.

A review of spending was completed to check the orders were authorised appropriately. In a sample of 20 selected transactions from within the last two months all had been authorised appropriately. In 2 cases the amount was more than the authorising limit of the officer selected. In these cases a second officer had been allocated the responsibility of authorising the expenditure.

4.6   **Health and Safety Risks**

4.6.1   **Risk: Stress of managing workload if resources or capacity is limited.**

An accountancy timetable is saved to the accountancy shared drive. The timetable doesn't allocate time for the end of year process specifically but this could be factored into the budget setting allocation. There is also no annual leave factored into the plan. The plan has been partially organised with the top half sorted by date. However, the bottom half of the plan hasn't been included in this and is instead sorted by lead accountant name. Although there are dates for the workload, there is no "sign-off" to show if it is complete. The sorting of the plan makes it difficult to identify busier periods and without annual leave showing there is no way to confirm if staff resources have been considered and are adequate for the tasks.

Recommendation

The accountancy timetable should be reviewed to ensure it is an adequate control to manage the accountancy tasks and resources available.

4.6.2   **Risk: Work spread unevenly amongst teams leading to enhanced pressure on some staff.**

The staff structure was mapped out using the staff details available on the intranet. The Accountancy team consists of the Head of Financial Services (Interim), four Principal Accountants and a Strategic Finance Manager (Interim). Below this level there are five assistant accountants and five other officers in various roles. These other roles include specialist roles such as systems officer and grant and loans manager and a trainee role.

A review of the budget spreadsheet shows two main account groups: income and expenditure. Within these there are eighteen subgroups. These subgroups include fees and charges, support services and transport. 57 cost centre managers are identified. A separate spreadsheet lists the cost centre managers and their supporting accountant. There are six accountants listed, one of which is no longer employed by the Council. On this separate spreadsheet there are 54 cost centre managers identified.

Recommendation

The budget spreadsheets should be reviewed and updated to ensure that current officers only are listed and that the service areas are in line with upcoming changes to the Councils structure.

As there is a proposed new structure due to be implemented on 1 October 2022, it would seem sensible to wait to complete any updates until it has been approved.

Assurance over the controls in place to prevent this risk cannot be given due to the data available being inaccurate and conflicting across the different spreadsheets. Analysing the information available would create an inaccurate opinion of the controls in place.

4.7   **Other Risks**

4.7.1   **Risk: Loss of staff knowledge through staff retention issues / recruitment challenges.**

The Financial Services area has gone through a period of uncertainty over the last 18 months, with changes implemented in preparation for the proposed merger between WDC and SDC, and then the undoing of those changes. The head of the service left with an interim appointment of a SDC employee filling the role on a short-term basis. Following the breakdown of the merger, the post is now held by a WDC employee, albeit still on an interim basis. On top of these major changes there have also been a number of accountancy staff leave the Council. Many other service areas within the Council have also been restructured. This has resulted in instability for the accountancy staff, not just within their teams but in the wider teams whom they support.

A new Council organisational structure has been proposed, due to be implemented on 1 October 2022. Once implemented the accounts roles can be realigned with the relevant service areas enabling the workload to be split between the officers utilising their skills and knowledge.

The interim Head of Financial Services had stated that recruitment is generally difficult in the accountancy team as officers internally don't have the required qualifications to apply for higher posts. There are no vacancies being advertised at present.

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 4 - The Council must cease certain popular services due to poor financial planning or lack of funds.
Risk 6 - Processes not adhered to increasing opportunity for fraudulent / unauthorised expenditure.
Risk 7 - Stress of managing workload if resources or capacity is limited.
Risk 8 - Work spread unevenly amongst teams leading to enhanced pressure on some staff.

There were also two additional risks with recommendations carried forward from previous audit reports. Those risks were:

Risk - Managers may be unaware of their budget management responsibilities.
Risk - Limits stated in the Code of Financial Practice in relation to (Housing) capital expenditure may not be appropriate.

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 little to no risk if the actions are not taken.

5.3   Although there are a relatively large number of recommendations, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Financial Strategy and Budgetary Control are appropriate and are working effectively to help mitigate and control the identified risks.

5.4   The assurance bands are shown below:

Level of Assurance	Definition
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 Financial Strategy and Budgetary Control – October 2022

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.1.2	Managers may be unaware of their budget management responsibilities.	The 'Managing Your Cost Centre' course should be made mandatory for new budget managers with consideration being given to running this as refresher training for existing budget managers.	Medium	Principal Accountant	A new training programme is to be established to support the use of the new Finance Management System, introduced in Nov 21. This was supported at launch by mandatory training sessions	April 23

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.1.2	Limits stated in the Code of Financial Practice in relation to (Housing) capital expenditure may not be appropriate.	Limits relating to capital expenditure set out in the Code of Financial Practice should be reviewed to ensure that they remain relevant.	Low	Head of Finance	Code of Financial Practice to be reviewed following recent appointment to Head of Finance.	April 23

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.4.1	The Council has to cease certain popular services due to poor financial planning or lack of funds.	The Service Area risk registers available on the intranet should be updated annually to ensure they reflect relevant and current risks.	Low	Audit & Risk Manager	Requests to service managers for updated risk registers, which can then be updated on the Intranet. The Finance Risk register is in its final stages of review and will be updated in October.	Dec 22
4.5.1	Processes not adhered to increasing opportunity for fraudulent / unauthorised expenditure.	The advice and FAQs on the intranet Finance Services pages should be reviewed and updated.	Low	Strategic Finance Manager/ Strategic Procurement and Creditors Manager	Legacy documents to be removed from Intranet, and relevant pages reviewed and updated as necessary.	Dec 22

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
		To make the budget book readily available for officers to view, the files available on the Finance page should be reviewed and updated.	Low	Strategic Finance Manager	The Budget book is available on the WDC Internet page as it is a statutory requirement to publish. This is typical for external purposes and budget managers are advised to use the Finance Management System to review and manage budgets. Any guidance notes referring to the budget book will be updated as necessary.	Dec 22
		The training documents available on the intranet for budget managers should be updated so the guidance can be used with the new finance system.	Medium	Strategic Finance Manager	Legacy documents to be removed from Intranet, and relevant pages reviewed and updated as necessary. Guidance for the new finance system is already available on the Intranet and will continue to be updated as the system evolves.	Apr 23
4.6.1	Stress of managing workload when resources or capacity may be limited.	The accountancy timetable should be reviewed to ensure it is an adequate control to manage the accountancy tasks and resources available.	Medium	Strategic Finance Manager	Timetable review has commenced and is being updated in line with new deadlines. Resourcing and capacity have been reviewed, with the team fully established following successful recruitment.	Dec 22 and on going

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.6.2	Work spread unevenly amongst teams leading to enhanced pressure on some staff.	The budget spreadsheets should be reviewed and updated to ensure that current officers only are listed and that the service areas are in line with upcoming changes to the Councils structure.	Low	Strategic Finance Manager	The team structure is currently being reviewed in line with the recently updated organisational structure, to ensure work is distributed evenly across the team and service managers have a consistent dedicated support resource in accountancy.	Dec 22

* 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.

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager

SUBJECT: Health and Safety Compliance of Council Buildings

TO: Head of Neighbourhood and Assets

DATE: 28 November 2022

C.C. Chief Executive
Deputy Chief Executive
Compliance Manager
Compliance Team Leader
Head of Finance
Portfolio Holder (Cllr Matecki)

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1 Introduction

1.1 In accordance with the Audit Plan for 2022/23, 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 This audit focuses on the various health and safety related compliance issues that the Council is responsible for which are not covered in other audits. Including areas such as electrical and gas safety, legionella, and fire safety the audit reviews compliance areas which ensure Council buildings are safe for staff, visitors, and customers.

3 Objectives of the Audit and Coverage of Risks

3.1 A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussion between the Internal Auditor and key departmental staff and upon review of the Significant Business Risk Register and the relevant Departmental Risk Register.

3.2 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.

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

1.   Potential fines for non-compliance with legislation and compensation claims / insurance costs if issues occur.
2.   Non-compliance with legislation (including the 'overarching' Health & Safety at Work Act 1974).
3.   Adverse press if injuries occur on Council premises due to non-compliance with applicable health and safety regulations.
4.   Injuries to staff and visitors as a result of being in unsafe buildings.
5.   Areas of health and safety compliance not recognised by staff as being a Council responsibility.

3.4   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 work in this area indirectly helps the Council meet a number of different strands and intended outcomes of the Fit for the Future strategy such as meeting health needs, ensuring the Council has well looked after public 'spaces' and ensuring that staff have the appropriate 'tools' for their jobs.

4   **Findings**

4.1   **Recommendations from Previous Reports**

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

	Recommendation	**Management Response**	**Current Status**
1	A review should be undertaken of the properties with 'active' EICR attributes on Active H to ensure that this accurately reflects the properties for which EICR tests are required.	Agreed. DC and MEEO to identify all stock requiring cyclical EICR's and update attributes in ActiveH accordingly. Further, a semi-automated programme of works can be generated as demonstrated in other areas.	EICR's are identified on ActiveH allowing a semi-automated programme to be generated. The attributes used identify the asset type and the no. of years before the testing cycle is next due.
2	A schedule of PAT testing should be set for each relevant Council property.	Agreed. DC and MEEO to identify all stock requiring cyclical PAT testing and update attributes in ActiveH accordingly. Further, a semi-automated programme of works can be generated as demonstrated in other areas.	PAT testing is not a legal requirement, although the Council does complete the testing on frequent basis within corporate properties. ActiveH is not used to programme the testing as it is manually arranged.

	Recommendation	Management Response	Current Status
3	Inventories of electrical equipment that require PAT testing should be maintained for each relevant Council property.	Agreed, the AC&DG need to agree that building managers maintain an inventory of equipment requiring PATesting. Dodds should be able to support with information of equipment currently tested.	Inventories of stock are not maintained due to hybrid working the equipment in the building fluctuates. There are set items which are on an equipment list for testing. This includes appliances in the kitchens and heating appliances.
4	The variation to the original contract should be confirmed with D&K.	A copy of the variation documentation has now been obtained.	The variation to the contract was held and provided for the audit.
5	Inventories of firefighting equipment should be kept up to date to ensure that contractors are aware of what needs to be tested.	Agreed, the AC&DG need to agree that building managers maintain an inventory of equipment pertaining to firefighting equipment. Baydale should be able to supply information of currently installed equipment.	The fire risk assessments list the firefighting equipment in place. This is provided to Baydale who can use it when performing testing to confirm the items are present and safe to use.
6	Training on the need for Permits to Work should be provided to relevant staff, including individual building managers as appropriate.	Agreed. CTL and BM&HSC to liaise on suitable training and audience.	An exercise has recently been undertaken highlighting the need for permits to work, especially when involving hot works. Staff are aware of the need for them and relevant information has been circulated to contract managers.

4.2   **Financial Risk**

4.2.1   **Risk: Potential fines for non-compliance with legislation and compensation claims / insurance costs if issues occur.**

There are contracts in place for both gas and electrical services. The contracts in place were reviewed as part of the gas and electrical safety checks audit completed earlier in the year. Rather than duplicate work, the information has been shared for this audit.

The electrical contract, held by Dodds, includes provisions for corporate properties. Noting 30 sites within the terms of the contract for corporate properties, the terms state that the works on these properties are relatively complex and therefore not included within the prices of schedules of rates. Payment is on a time and materials basis and to be made monthly via bacs.

Safety checks are not programmed according to the terms of the contract. The terms provide one main (multiskilled) electrician able to work on a variety of electrical issues and machines within the corporate properties. The workload shall be specified by Council officers, such as building managers, as and when needed. In cases where the workload is higher the electrical contract allows extra staff to support the main electrician.

Electrical installation condition reports (EICR's) are carried out every three years at corporate properties. A sample of EICR's was reviewed. The corporate properties in the sample all had up-to-date completed safety checks and documentation was held detailing the checks performed. ActiveH (the Council's asset management system) had been updated as required to showing the latest checks performed. Where contractors had identified required works during the checks, these have been recorded and the works performed as necessary.

Dodds carry out the portable appliance testing (PAT testing) under the terms of the contract. A list is being compiled of corporate locations where PAT testing is required and this will be used by Dodds to conduct the tests. Testing needs have changed over the last few years due to the pandemic. This has prompted the Assets team to update the lists of equipment held and locations to ensure that the areas now used inside the buildings are included in the testing.

There is not an automated programme for PAT testing. Certificates are uploaded to ActiveH when completed within the documents for the relevant building. The inventory lists held for testing do not include all equipment but main items such as fridges, microwave, and heating appliance. There is no complete list of IT equipment as staff work from other locations including their own homes) and therefore the equipment may not be in the office at the time of testing. IT and other equipment and appliances in corporate buildings will be tested if presented when the testing is being carried out.

PAT testing is not required by law in the UK; rather, it is one way of checking equipment's electrical safety. While there are no UK PAT Testing Regulations, employers have a legal duty to ensure that electrical equipment is safe under other legislation. The Government, however, has put regulations into place that pertain to the maintenance of electrical appliances and the most effective way to ensure that these regulations are met is through PAT testing.

The UK Health and Safety Executive along with insurance companies expects organisations to perform PAT testing to ensure that they are compliant with certain regulations including:

- Health and Safety at Work Act of 1974
- The Electricity at Work Regulations of 1989
- The Provision and Use of Work Equipment Regulations of 1998
- The Management of Health and Safety at Work Regulations of 1999

Not complying with the regulations mentioned above can result in fines up to £5,000 and/or six months imprisonment. Therefore, even though PAT testing itself is not legally required, it simply helps to protect the organisation by ensuring that it is complying with these regulations. PAT testing is completed every 5 years in corporate buildings.

On the Health and Safety intranet page there is a 'Working from Home DSE' document, which gives information for staff on some electrical things to check when working hybrid. The document editing information shows this was last updated in July 2021.

The gas servicing contract, held by D&K heating, for Housing sets out the terms for residential properties only. There has been a variation to the contract completed which includes corporate properties. The variation document provided for the audit lists a number of corporate buildings to be included in the contract for gas servicing. Gas servicing is carried out annually on the Council's corporate properties.

If a serious issue is found a certificate is not issued to show the boiler is unsafe. This means the repair or replacement must be arranged immediately. Smaller remedial works would be carried out during the safety checks and servicing then recorded directly onto Active H where the order is raised.

A sample of gas safety checks and boiler servicing was carried out. Documentation had been uploaded and where remedial work had been identified the information had been input onto ActiveH. There were three locations identified where the checks were slightly overdue; one of these was due to an inputting error and the other two were no longer the responsibility of the Council (they are now leasehold properties).

A contract is in place for legionella testing with HSL Compliance Ltd. This was reviewed under the last audit of this subject area and there have been no variations to the contract made since. The contract is due to expire in 2023.

There are several elements to the legionella compliance. HSL carry out monthly temperature testing of sentinel outlets (hot & cold at the end of the pipe run), quarterly shower head clean and disinfection, stored water tank inspections, TMV servicing, etc. These certificates are stored on a portal that HSL provide and on the Council's document management system.

Testing is not routinely conducted for legionella unless there is suspicion it may be present. There is no requirement to carry out sampling on a routine basis in the L8 legionella legislation. If a system has been isolated for a period of time a test will be undertaken

Weekly flushing is undertaken at un-staffed properties such as the sports pavilions and at Riverside House by service officers who sit in the Compliance Team. Bigger staffed sites like the Pump Rooms, Spa Centre, etc., are flushed on site. Sites have a logbook where flushing should be recorded. The logbooks are not routinely checked as the resource is not available. The logbooks also contain the appropriate legionella risk assessment.

Systems are only disinfected as and when required, when the compliance team are advised to do so by HSL following a tank inspection, when a site has been left vacant for a period of time or following a sample which has returned a result as having a trace of a bacteria. There is no requirement within the L8 document to carry out routine disinfection of water systems. Taps, shower heads and TMV's are routinely cleaned / disinfected.

A sample was reviewed to assess some of the elements carried out for legionella compliance. Risk assessments were held in all sampled cases and all were up-to-date. Monthly outlet testing had been performed at four of the seven locations in the sample; the other three were overdue by 1-2 months. Four of the sites in the sample had shower facilities. Quarterly servicing is not being completed at these sites or, if it is, it is not being logged onto ActiveH. Only one of the showers had been serviced within the last quarter, the others have not been serviced since April 2022, August 2021 and April 2021.

Weekly testing could not be tested in detail as records are held in a logbook at each individual site rather than on ActiveH.

Recommendations

1. **Monthly testing should be performed and logged on ActiveH.**
2. **Shower servicing should be reviewed and carried out at main corporate buildings where facilities are provided and used.**

4.3   **Legal and Regulatory Risks**

4.3.1   **Risk: Non-compliance with legislation (including the 'overarching' Health & Safety at Work Act 1974).**

At present, checks are not routinely undertaken for maintenance undertaken in Council-owned buildings that are rented out to non-housing tenants. There is a desire to have a process in place where maintenance works can be checked and monitored but there is a lack of resource.

There is a process in place for leased non-housing properties where the tenant wants to alter the property or carry out maintenance works. They apply to the Council to make the changes; the licence is then updated to incorporate the changes. Building control may need to inspect the property to ensure the alterations or work are compliant.

An exercise has previously been carried out where non housing tenants were written to asking them to provide copies of their EICR, gas and electric certificates and fire risk assessments. This was last completed in early 2020 where, although a number of responses were received. many had been sent emails chasing them. This has not been completed since as there is not the resource to do it due to a number of unfilled vacancies in the service area.

For rented / leased non-housing properties there must be a fire risk assessment in place where there are five or more employees. There are corporate buildings where areas are leased to other companies e.g. Bowls England and Warwick Uni. The Fire Safety Orders apply here and any fire safety actions and procedures should be reviewed regularly as part of the building group meetings. As there is a lack of available resource to manage non-housing tenants, monitoring of the reviews is not being completed.

Annual inspections provide an opportunity to review the condition of the property, resolve defects and confirm any alterations which have been completed. Unfortunately, the lack of resource means that these carried out sporadically rather than in a uniform manner.

A lease management system would be useful to help with monitoring of works and allow programmes to be automated for inspections and storage of relevant documents. Alternatively, there may be the option of programming ActiveH to assist with the management of leasehold properties.

Recommendation

Council properties with non-housing tenants should be providing the relevant documentation to comply with legislation such as the Fire safety order 2005.

4.4   **Reputational Risks**

4.4.1   **Risk: Adverse press if injuries occur on Council premises due to non-compliance with applicable health and safety regulations.**

There are a number of compliance programmes in place to help reduce or prevent health and safety issues. The programmes include gas and electrical safety checks, legionella management, fire safety and more.

There are a number of acts and regulations that the Council must follow to ensure the health and safety of staff, visitors, and customers at corporate properties. For the purpose of this audit the main legislation is:

- The Workplace (Health, Safety and Welfare) Regulations 1992
- Electricity at work regulations 1989
- Gas safety regulations 1996
- Lifting operations and lifting equipment regulations 1998
- Management of health and safety at work and fire precautions regulations 2003

The Council has an internal Health and Safety Group which meets on a bi-monthly basis to identify, discuss, and resolve health and safety related issues within the Council. The group is made up from a number of officers across various departments in the Council. Currently there are thirteen members. There is a Terms of Reference for the group; however, the terms are not dated so it is unclear if the document is a current or a historical one. The terms state that minutes of the group meeting would be published on the internal intranet. However, these were not available on the Group's page. The Group has recently been re-formed so this may be because there were no minutes yet to share.

The Workplace (Health, Safety and Welfare) Regulations 1992 lists a number of main areas included within the regulations. The areas include but are not limited to: Maintenance of equipment, devices and systems, ventilation, temperature, windows, doors, and drinking water.

There are a number of compliance programmes in place as covered above, (gas, electric and legionella para 4.2.1.) and below (fire safety and lifts para. 4.5.1). Staff also received the relevant training (covered in a separate audit of Corporate Health and Safety). These all help the Council to comply with various pieces of legislation whilst reducing the risk of injury to staff, visitors, and customers. By ensuring the compliance programmes are in place and working,

the Council can help protect itself against adverse press resulting from injury on Council property.

4.5 Health and Safety Risks

4.5.1 Risk: Injuries to staff and visitors as a result of being in unsafe buildings

There is a contract in place for the maintenance of the fire alarm systems at Council buildings with Fire Safe Services Limited (FSS). The contract was reviewed as part of the last audit of this subject area; no changes or variations have been made since. The contract ends in March 2023.

Fire alarm systems are tested on a weekly basis in corporate buildings. The test is completed by FSS and documented. The documented test is issued to the M&E Energy Officer who stores them in a file within the Assets drive. Any remedial works identified that need to be completed are logged on the document and completed.

The most recent testing completed on 10th October 2022 was carried out at fifteen locations. The tests documented no defeats or issues identified at the locations and the systems all performed as they should.

There is a 3-monthly program of works for the contractor for fire alarms which provides coverage of all Council properties over a calendar year. This system means that the compliance team will know the exact dates the testing has been completed and certificates can be matched up against the jobs when it comes to billing.

A contract is in place for the maintenance and inspection of fire extinguishers at Council buildings with Baydale Control Systems ltd. It runs from April 2021 to March 2023. The contract terms cover the servicing, testing, certification, reactive maintenance, and ad-hoc installation of Fire Fighting Equipment. This was a variation to their existing contract that covered door entry systems, CCTV, security doors, and fire alarm systems maintenance and upgrades.

Baydale carry out the servicing of the fire extinguishers on an annual basis across 34 locations. The equipment at Riverside house was reviewed and had last been carried out in November 2021. The M&E Energy Officer confirmed that the servicing at Riverside House was due to be completed before Christmas.

There are spreadsheets for the various corporate locations which list the firefighting equipment and its location. The programming for the servicing of the equipment is completed manually rather than using ActiveH. This manual system has been in place for years and works effectively. Contractors performing the inspections ensure that all appliances are tested with replacements being provided as appropriate. Documentation of the testing completed was reviewed and, when needed, equipment had been replaced and the inventory updated as appropriate.

AssessNet contains a folder specifically for fire risk assessments. The risk assessments are carried out periodically by Building Control and uploaded onto

the system. If any remedial work is required or issues identified the Compliance team are notified so the work can be actioned.

The most recent fire risk assessments available on the system are from 8 November 2019. There have been a number of changes to the way the corporate buildings are used since these assessments were completed. Many of the changes in response to the pandemic have resulted in new ways of working. New risk assessments are being undertaken at present and will be uploaded onto the system in due course.

A review of the 2019 fire risk assessment for Riverside House was carried out with and remedial work and recommended changes noted. A walk around the building was performed to review if the works and changes had been implemented. As floor four is no longer used the suggested changes were discounted.

Although the fire risk assessment noted that all kitchens needed smoke detectors, this had not been completed; observation of five kitchens found that none was fitted with either a smoke or heat detector. Another issue highlighted in the report was the lack of emergency lighting in some rooms and toilets - observation of the areas noted in the report found that there were no emergency lights present.

There were some items that had been resolved such as all kitchen doors being replaced with fire doors. Main internal doors and kitchen doors have also been fitted with fire door stops which automatically close when the noise level reaches a certain volume, usually triggered by the sound of the fire alarm. Storage cupboards within or under stair wells have all been fitted with smoke detectors. Unfortunately, these locations could not be viewed by the auditor but the Facilities Manager confirmed that this had been completed.

All fire alarm systems had recently undergone testing and the certificates had been completed and supplied by the contractors as appropriate.

There are ten lifts within corporate properties. All lifts are listed on ActiveH and are serviced and maintained on a frequent basis. A contract is in place for the inspection, servicing and maintenance of lifts and lifting equipment with Stannah Lift Services Ltd. The contract has been in place since 2018 and was reviewed as part of the previous HSC audit. The contract expires in March 2023.

Testing confirmed that inspections, servicing, and maintenance of lifts and lifting equipment are performed as required. Records are maintained of services completed within corporate properties. A programme for planned maintenance is raised on a monthly basis by the M&E and Energy Officer. These are usually generated at the end of the month through ActiveH. Inspections are carried out on a monthly basis on all but three locations, which are completed bi-monthly.

Where remedial work had been completed photographic evidence was provided by the contractor showing the work completed. A brief description was also provided with a narrative of what had been done to resolve the fault.

4.6   **Other Risks**

4.6.1   **Risk: Areas of health and safety compliance not recognised by staff as being a Council responsibility.**

COSHH guidance requires hot works, working at height and working in confined spaces as the main areas where permit to work procedures are required. These requirements include risk assessments to be carried out identifying the need for permits to work.

Contractors undertake all the risk assessments before undertaking works. They know that they have to work safely and carefully and undertake this as part of their normal day-to-day tasks.

Previously, checks were not completed to confirm that the risk assessments are done and that the contractors have the relevant right-to-work permits. A recent issue highlighted that some contractors had been completing works without the required permissions. As it is still a Council responsibility to ensure permits are held, the issue is now being addressed with the contractors. They have been written to and asked to provide the relevant permits and permissions for high-risk works.

These checks have not previously been completed as the contractors that the Council use are selected from a framework and the frameworks will have undertaken initial checks to show that the contractors have the relevant permissions to carry out high-risk works. By using competent contractors it was felt that there was no need to check the permissions. Moving forward they will be requested and recorded on a regular basis as they may be required for insurance purposes.

A selection of the permits and permissions recently received were shared with the auditor. The high-risk works were identified and permits from the contractors were found to be up-to-date.

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 1 - Potential fines for non-compliance with legislation and compensation claims / insurance costs if issues occur.
Risk 2 - Non-compliance with legislation (including the 'overarching' Health & Safety at Work Act 1974).

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

5.3   The assurance bands are shown below:

Level of Assurance	Definition
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 recommendation arising above is reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Health and Safety Compliance of Council Buildings – November 2022

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Risk 1 - Potential fines for non-compliance with legislation and compensation claims / insurance costs if issues occur.	Monthly testing should be performed and logged on ActiveH.	Low	Compliance Team Leader / M&E Energy Officer	A compliance report will be run weekly, missing certificates will be followed up and the systems updated as appropriate.	Completed
		Shower servicing should be reviewed and carried out at main corporate buildings where facilities are provided and used.	Low	Compliance Team Leader / M&E Energy Officer	A compliance report will be run weekly, missing certificates will be followed up and the systems updated as appropriate.	Completed
4.3.1	Risk 2 - Non-compliance with legislation (including the 'overarching' Health & Safety at Work Act 1974).	Council properties with non-housing tenants should be providing the relevant documentation to comply with legislation such as the Fire safety order 2005.	Low	Senior Building Surveying Project Manager / Compliance Team Leader	There is an identified need to request and review compliance documentation from non-housing/ commercial tenants, although limited resource has only allowed for an intermittent approach to requesting this data and subsequently managing it. It is intended to review this as part of a review of the Neighbourhood and Assets team restructure during 2023.	End of July 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.

	INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager   **SUBJECT:** National Non-Domestic Rates

TO: Head of Finance   **DATE:** 9 December 2022

C.C. Chief Executive
Exchequer Manager
Revenues and Recovery Manager
Portfolio Holder (Cllr Hales)

1   **Introduction**

1.1   In accordance with the Audit Plan for 2022/23, 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   National Non-Domestic Rates (NNDR) are managed by the Revenues section of the Finance department. The team is also responsible for the management of NNDR on behalf of Stratford-upon-Avon District Council.

2.2   Thus far, the current collection of business rates for 2022/23 amounts to £49,085,648.92, which is a collection rate of 58.12%. This has seen an increase of 0.26% when compared to the collection rate figures for October 2021.

2.3   NNDR transactions and procedures are processed through the CIVICA Open Revenues management system. There are currently 5,386 commercial properties on the system with a total rateable value of £175,579,620. The rateable value of each property is determined by the Valuation Office Agency (VOA). A multiplier, set by the Department of Communities and Local Government (DCLG), is then applied to determine the percentage of rateable value due to be paid by the proprietor.

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. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.

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

1. Financial loss through ineffective collection of rates.
2. Breaches of NNDR legislation.
3. Late or inaccurate billing leading to adverse publicity.
4. Shortage of business rates officers leading to reduced service, loss of skills, and increased pressure on existing staff.
5. Provision of incorrect information/advice to stakeholders.
6. Deliberate evasion of charges by occupiers/proprietors of non-domestic properties.
7. Employee collusion with occupiers/developers.
8. Physical harm to collection agents/verbal abuse to Council officers.
9. Loss of IT resulting in inability to bill customers/issue demands.
10. Failure to upload account information onto CIVICA system.
11. Failure of BACS resulting in Council taking unnecessary recovery action.

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 Finance and Significant Business Risk Registers have also been reviewed.

3.4   These risks, if realised, would be detrimental to the Council with regards to meeting the 'Money' theme of the Council's Fit for the Future Strategy.

3.5   It should be noted that the internal auditor allocated to this review, had a previous role in the Revenues department nine months ago. As per the Internal Audit Standards, Standard 1130.A1 states that 'internal auditors should refrain from assessing operations for which they were previously responsible for at least one year after leaving the operation'. Both the Head of Finance and Audit & Risk Manager did not believe this to carry a significant risk; it is merely an occasional disadvantage of having a smaller internal audit team. The scope of the audit was agreed with the Principal Internal Auditor, Exchequer Manager and Revenues and Recovery Manager, in order to avoid potential conflicts of interest wherever possible.

4   **Findings**

4.1   **Recommendations from Previous Reports**

4.1.1   The current position in respect of the recommendations from the audit reported in January 2020 was reviewed. The current position is as follows:

Recommendation	Management Response	Current Status
A variation of contract should be completed to ensure the correct authority is listed.	A variation of contract will be completed to ensure WDC is listed as the authority.	This was completed at the end of January 2020. Any references to 'authority' within the contract now refer to Warwick District, Stratford-on-Avon District and Rugby Borough Authorities. This has been signed by Bristow & Sutor (enforcement agents), the former Head of Finance and the Head of Procurement.

4.2   **Financial Risks**

4.2.1   **Risk: Financial loss through ineffective collection of rates.**

Bills are initially issued early-March and outline the total payable charge for the entire financial year; this includes any under or over payments carried over from previous years. Ratepayers can request an updated bill or copies of the original bill at any time, providing that these only relate to the charges for which the ratepayer requesting the bill was liable.

There is currently no report to confirm that the total amount of income corresponds with the number of commercial properties held on the system. However, the total rateable value is monitored each week once schedules from the VOA have been received. This ensures that the rateable value is fully consistent with VOA records. Income is checked when the NNDR3 return is sent to the government. The statutory framework requires that the Council should forecast the amount of business rates that it will collect during the course of the year. The Council is expected to disregard certain amounts and make a number of allowable deductions in order to arrive at a figure for its non-domestic rating income. At the end of the financial year, the Council is then required to recalculate its non-domestic rating income, allowable deductions, and disregarded amounts; the difference in non-domestic rating income between the NNDR1 and the NNDR3 is reflected in the Council's calculations of the estimated collection fund balance, included in the future NNDR1.

A contract is in place with the enforcement agents, Bristow & Sutor. The most recent contract was signed in October 2019 and will not expire until October 2023. As aforementioned in the review of the previous recommendations, there has since been a variation to this contract; however, this has been appropriately signed off by the Head of Procurement and the previous Head of Finance. The contract sets out the specifications required of the enforcement agents. All letters, notices, and other documentation sent to debtors by the Contractor are subject to approval by the Council. It is also a requirement that the Council have access to Bristow & Sutor's online software system. All Revenues staff have basic level access to the Bristow & Sutor client portal. However, only the Exchequer Manager (EM) and Senior Recovery Court Officer (SRCO) have full access.

Regular case reports are received from the enforcement agents. Bristow & Sutor rarely seize goods, as they must obtain 'lift approval' either from the EM or from the SRCO in order to physically take control of goods. If this is given, the system will detail the value of goods of which they have taken control. However, this does not mean that the goods will be removed, as this is seen as a last resort. In the majority of cases, the value of the goods is less than the debt and therefore goods can rarely be removed. As outlined in the contract, the EM has regular account management meetings with Bristow & Sutor, wherein performance is discussed, and any issues or concerns are highlighted. These take place approximately four times a year. This is to ensure that the correct fees have been charged, visits have taken place and necessary actions have been taken. The number of accounts that have progressed to the enforcement agents are monitored through a spreadsheet which is updated monthly; this was last completed 24 October 2022.

Write-offs over £5000 are usually authorised by the Revenues and Recovery Manager (RRM). The EM authorises any write-offs over £50,000 and all write-offs are checked by the SCRO. Testing conducted by the auditor revealed that all samples had been checked by the SCRO and authorised either by the RRM, or by the EM where appropriate. There were, however, two samples which were found to have no write-off form held on file.

Advisory – Although this did not suggest a widespread issue, consideration should be given to reminding staff to ensure that all write-off forms and diary notes are evidenced on the account.

4.3   **Legal and Regulatory Risks**

4.3.1   **Risk: Breaches of NNDR legislation.**

The latest copy of the Institute of Rating, Revenues and Valuation (IRRV) Manual (updated in June 2018) is held on the shared drive for all Revenues officers to access. The Rating Law and Practice covers the administration of non-domestic rates, exemptions and liability for both occupied and unoccupied hereditaments, relief calculations, appeals with the Valuation Tribunal, insolvency, and debt administration. There are also specific chapters dedicated to billing, collection, and enforcement. There are many examples throughout the document of court cases that are used by the RRM for benchmarking purposes. The team keep abreast of any changes or updates to regulations; these are saved on file and accessible to all officers.

4.4   **Reputational Risks**

4.4.1   **Risk: Late or inaccurate billing leading to adverse publicity.**

Reminder letters are not physically available to view on CIVICA, as the software does not save these in letter format. This is purely down to the vast number of reminders that are distributed per week. It was, however, possible to view the accounts that had received reminders on certain dates. The SCRO confirmed that there are no set timescales in which the Council are expected to send first, second and final reminders. Under the regulations, the duty to serve a reminder notice is a duty without time limit, and therefore, a reminder may be served at any time after the sum has fallen due.

Reminder progressions are run every week and the parameters identify any account that is in default. If an account has not been brought up to date within the required time after the issue of the reminder, a summons is the next automatic stage of recovery. Under the regulations, a summons cannot be issued until after the fourteenth day from the issue of the reminder. If the ratepayer brings themselves up to date on the reminder, a further reminder will only be issued if there is further default on the instalments demanded.

During testing, it was found that three accounts had started to pay in instalments after the liability order was issued, meaning that there was no need for a fourteen-day letter to be sent. Two further samples also paid the charge in full at the summons or liability order stage and so the recovery process was ceased. Ten samples had not paid the 2021 charge in full and so immediately

received summons in 2022. An incorrect ratepayer had been charged on one sample and another sample had been passed to Bristow & Sutor; therefore, no fourteen-day letter had been sent. All samples were appropriately diary noted.

It was discovered that two accounts in the name of Warwick District Council had been issued with a summons. The EM confirmed that liabilities in the name of Warwick District Council are supposed to go into a specific payment group, which the Finance team pay in October. Often the account is allocated to the wrong payment group and therefore summonses are issued if the demands are not paid in the usual manner. These discrepancies are dealt with in-house by the Assistant Accountant.

It was found during testing that one account had not received a fourteen-day letter after the liability order had been issued. Upon review of the account, there was no reason supplied as to why this had occurred. It later transpired that the summons had been reversed due to issues with the remittance notices; however, the account should have been set back to the billing stage and diary noted accordingly. The RRM rectified this during the audit.

Advisory – Consideration should be given to reminding staff to diary note accounts where summonses have been reversed.

The recovery team maintain a spreadsheet which outlines the number of fourteen-day letters sent, phone calls received, special arrangements made, cases paid in full, and cases that have either progressed to or been returned by the enforcement agents. This spreadsheet is regularly monitored and was last updated 27 October 2022.

4.4.2   **Risk: Shortage of business rates officers leading to reduced service, loss of skills, and increased pressure on existing staff.**

There is a folder designated to NNDR training held on the network files. Amongst other topics, this includes notes on how to apply relief, interpret schedules and deal with deceased and bona vacantia accounts. The NNDR team meet weekly to discuss particularly difficult enquiries; training needs are also picked up during these meetings. Breakout sessions for specific training are then organised accordingly. Due to the nature of these team meetings, minutes are not usually taken.

Officers are encouraged to consult the IRRV Rating Law and Practice, as this provides procedural guidance. CIVICA have compiled three training manuals regarding system access, property maintenance and account maintenance. These are available to all staff and provide step-by-step instructions on all CIVICA-based procedures. Training is highlighted in appraisals and Personal Development Plans; one business rates officer attended IRRV training in March 2022.

4.4.3   **Risk: Provision of incorrect information/advice to stakeholders.**

There are no set refund limits on CIVICA; however, the RRM will check these before they are released. The refund collection spreadsheets for 2021/22 and 2022/23 were compared with the weekly refund totals for 2021 and 2022; these figures all aligned. The collection rate for 2021/22 was 97.36%. On average,

51.3 % of these collections were from Direct Debit payments. Although the collection rate for 2022/23 is thus far predicted at 87.67%, this is likely to increase. The Direct Debit collection for 2022/23 has simultaneously increased; on average, 58.6% of collections have been obtained from Direct Debit payments. Upon review, it was found that the Direct Debit collection column on the collection rate spreadsheet for 2021/22 had not been updated. The EM advised that due to the processes involved in both year-end and the Council Tax rebate scheme, this task was not seen as a priority. The percentage of collection rates for the February and March-2022 Direct Debits cannot be calculated retrospectively, as this would result in a false percentage. These figures are predominantly maintained for information purposes. The Systems Officer (SO) confirmed that in theory the collection rate and NNDR cash book figures should align with one another. However, because unallocated payments go into a CIVICA suspense account, this is not always feasible.

Testing conducted by the auditor revealed that twenty-five refunds had been appropriately diary noted on the account. A reason for the refund request was documented on account and evidence supplied in all twenty-five cases. In terms of awarding retail relief, the onus has always been placed on the ratepayer to inform the Council that they do not hit the government caps. The first round of retail relief was awarded automatically. A letter was sent to the relevant businesses and businesses that did not qualify for the relief, were required to return these letters to the Council. Businesses now requesting retail relief are asked to sign and return a CIVICA review form. These are not available to view in CIVICA workflow; however, they are generated on the diary notes each time a review form is printed. This creates an automatic reminder in the CIVICA workflow, to check that the account is still eligible for the relief.

In two cases tested, it was found that the properties in question were void. In order to decrease the amount of Revenues inspections required, there is now a form on the Council website that businesses must complete in order to receive void exemptions; this requires photographic evidence and proof of an itinerary of equipment stored at the premises claiming the exemption. One sample had this form held on file; the other sample had a LISTED exemption attached to the account, which was substantiated by a Listed Buildings search on the Historic England website. The team now also ask for delivery removal notes to substantiate the fact that commercial spaces are empty.

CIVICA automatically progresses accounts through recovery stages without the need for manual input. Ratepayers are sent two reminders to pay, and a liability order is issued by the Court before the account is passed on to the enforcement agents. This is then followed by a summons if recovery has been unsuccessful. Where ratepayers have contacted the Council to set up a special arrangement (SPAR), a letter is issued to confirm the repayment schedule.

The timetable for hearings over the financial year is usually agreed with the Court by the end of March. Since the COVID-19 pandemic, however, these have been booked on an ad-hoc basis. Summonses are only issued to ratepayers when all other routes of recovery have failed. Contact is made with the enforcement agents on a daily basis in order to update changes to the account recovery. Additional reports can be run from Bristow & Sutor's website, and all Revenues staff are able to generate reports from this system as required.

Summonses must be served at least fourteen days before the date of the Court hearing. Reminder letters must also be served on every person listed on the account. All twenty samples tested during the audit, had the correct amount of debt contained on the summons and the period of debt this related to clearly indicated to the ratepayer. The stages of recovery had been appropriately communicated to the ratepayer and in six cases, where the accounts were in joint names, summonses had been sent to both parties. The recovery team monitor the number of accounts at different stages of recovery; a spreadsheet details the reminder letter statistics for each financial year and records how many summons and liability orders have been applied.

4.5 Fraud Risks

4.5.1 Risk: Deliberate evasion of charges by occupiers/proprietors of non-domestic properties.

Whilst refunds are created by Revenues staff, the actual processing of the refund is undertaken by the SO who has no valuation, liability, billing, or recovery duties. Revenues officers agree payment schedules with customers in arrears or resolve queries if payments have been misallocated.

There exists a Memorandum of Understanding (MOU) between Warwick District Council (WDC) and Stratford District Council (SDC). SDC pay for two Revenues officers and one supervisor role at WDC. Staff are under the line management supervision of the RRM at WDC. The MOU originally began as a trial, with a view to creating a single NNDR team, employed by one of the partnering authorities after twelve months. At the end of the twelve-month term, the Project Board should have decided whether to recommend to the partnering authorities, the creation of a single NNDR team. However, the decision to continue the MOU has never been formalised. It is only if one party wishes to exit, that they are expected to give three months' notice, as outlined in the MOU; 'any partnering authority wishing to withdraw from this Memorandum may do so by giving no less than three months' notice in writing to the remaining partnering authority.'

Advisory – Consideration should be given to formally acknowledging the decision to continue a joint NNDR service each financial year.

Credits can occur if a customer has vacated a property and overpaid, if there has been an adjustment to the rateable value, or if a payment has been posted in error. All fifteen samples tested by the auditor held a credit note on the account and in fourteen of these samples the ratepayer had been offered a refund. Two samples had set future work items to check for a response to the refund forms and two further samples had the returned refund form waiting to be processed in workflow. Three samples had a large credit sat on a closed account, but these were either waiting on bank details of for refund forms to be returned. It was, however, acknowledged that one ratepayer had not been sent a refund request form since March; this was chased by the RRM during the audit. Due to the COVID-19 business grants, large credit runs have been performed approximately every six months. Businesses are sent refund request forms three times and if no response is received, a write-off is then created.

Advisory – Staff should be reminded to create future work items in order to monitor large credits sat on closed accounts.

4.5.2   **Risk: Employee collusion with occupiers/developers.**

Instalments are offered on a monthly payment option over twelve months. Recovery staff can access the accounts and set up instalment arrangements on the system. Recovery staff do not have income collection duties and the Council no longer accept payment via cheque. All business rates officers have the authority to amend recovery action or set special arrangements (SPARS). SPARS that are not upheld are cancelled by the SRCO. If the ratepayer continues to pay at a reduced cost, the SPAR remains on the account. All twenty samples tested had been diary-noted and the SPAR confirmed to the ratepayer in writing. In two cases, the SPAR had not been maintained by the ratepayer; however, these were both cancelled. On three occasions, the first instalment was not yet due at the time of testing.

All rejected Direct Debits are saved on the network file. They are also stored in the SO's spool manager when loaded onto the system. The auditor performed testing on revised demands to ensure that a valid reason had been supplied on the account. In all twenty samples subject to testing, the account had been appropriately diary-noted and a reason for the revised demand recorded by the relevant Revenues officer.

4.6   **Health and Safety Risks**

4.6.1   **Risk: Physical harm to collection agents/verbal abuse to Council officers.**

Bristow & Sutor are not directly made aware of customers on the Council's staff alert list, although it is outlined in the contract that 'enforcement agents should be trained to recognise and avoid potentially hazardous and aggressive situations and withdraw when in doubt about their own or others' safety.'
The Revenues team advise Bristow & Sutor if a customer has previously made threats of violence towards staff; these are recorded as severe diary notes on the account. There are no specific courses offered to officers regarding conflict management. However, if it was highlighted that specific training was needed, staff could be booked onto this through the I-Trent system. The majority of calls for the NNDR team are outbound calls, as the Contact Centre take any incoming calls from customers.

4.7   **Other Risks**

4.7.1   **Risk: Loss of IT resulting in inability to bill customers/issue demands.**

The EM confirmed that CIVICA will ensure that a system is available for the Council to use if the Council's own version is lost. This is outlined in the contract with CIVICA, where it is stated that 'the Processor shall ensure that it has in place Protective Measures which are appropriate to protect against a Data Loss Event, which the Controller may reasonably reject (but failure to reject shall not amount to approval by the Controller of the adequacy of the Protective Measures).'

It is also stipulated in Annex four of this contract that priority will be given to main server malfunction or failure. This contract was renewed on 15 August 2022 and is due to expire 14 August 2024. The current contract value stands at £383,377.64. Ci Anywhere was reviewed by the auditor and it was confirmed that software expenditure has only reached £206,331.71 to date.

There is also an ICT Business Continuity Plan in place which outlines that IT would have a back-up system in place within twenty-four hours. 'The business continuity provider requires twenty-four hours from the point of invocation to 'build' the Council's recovery environment based on the equipment defined in the contract equipment schedule. After which ICT Services' Infrastructure team will recover all services within six days.' ICT are often required to provide signed evidence for Court hearings, which acknowledge that the computer was operating correctly at the time of the statement of accounts for the persons summoned being produced.

4.7.2   **Risk: Failure to upload account information onto CIVICA system.**

Throughout all forms of testing conducted by the auditor, only two accounts were found not to have had the diary notes sufficiently updated or supporting evidence/documentation uploaded onto CIVICA.

4.7.3   **Risk: Failure of BACS resulting in Council taking unnecessary recovery action.**

All bills include the name of the ratepayer, and the address of the property giving rise to the charge. All property references are included, as is a property description, date of issue, current rateable value, multiplier, the period the demand relates to, the amount payable, account reference numbers and any reliefs/exemptions applied. Methods with which to contact the Council and methods of how to pay the demand either by Direct Debit, freephone or internet e-payments are highlighted. The Council website also lists the options available for paying bills. Barcodes on bills can be taken to any Post Office or Pay Point outlet; the Council's sort code and account number is included on the bill. Testing of a sample of bills confirmed that the charge on the account agreed to the charge quoted on the bill. On three samples, the customer was in receipt of small business rates relief and therefore no charge ensued. On two occasions, the charge was already subject to recovery action before the bill was issued.

When testing those accounts which had been inhibited, it was found that all twenty samples had been diary noted and a reason supplied by the relevant Revenues officer as to why recovery had been put on hold. There are training notes held on file regarding the reminder process which have been issued to all relevant officers and the Contact Centre. Guidance notes regarding the processing of write-offs and SPARS has also been collated.

5   **Summary and Conclusions**

5.1   Section 3.2 sets out the risks that were reviewed as part of this audit. Reassuringly, the review did not highlight any significant weaknesses against these risks.

5.2   Although minor 'issues' were identified, no formal recommendations were warranted as there is minimal risk attached to them; instead, advisory notes have been reported.

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 National Non-Domestic Rates are appropriate and are working effectively to help mitigate and control the identified risks.

5.4   The assurance bands are shown below:

Level of Assurance	Definition
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   There are no formal recommendations arising from this report.

Richard Barr
Audit and Risk Manager

	INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	Planning Policy
TO:	Head of Place, Arts and Economy	**DATE:**	23 December 2022
C.C.	Chief Executive Director for Climate Change Head of Finance Business Manager (Policy & Sites Delivery) Portfolio Holder (Cllr Cooke)		

1 Introduction

1.1 In accordance with the Audit Plan for 2022/23, 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 Planning policy is the method by which the development of land and buildings is planned, managed, and controlled. Planning policies are designed to guide future development across the district, as well as govern planning application decisions and ascertain suitable development for the area.

2.2 Planning Policy is structured at two different levels: National (policies set by the Government through the National Planning Policy Framework) and Local (policies created by local authorities, parish councils and neighbourhood forums).

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. The findings detailed in the following sections confirm whether the risks are being appropriately controlled 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. Failing to deliver adequate infrastructure for development, leading to reduced income from the New Homes Bonus.
2. Potential fines for non-compliance with legislation (including the Planning & Compulsory Purchase Act 2004).

3. Unauthorised developments taking place.
4. Statutory procedures not followed/not meeting regulatory requirements.
5. Staff unaware of legislative changes.
6. Failure to pass the Housing Delivery Test.
7. Lack of staff resources to support corporate projects*.*
8. Poor quality development within the District.
9. Threat to health and wellbeing of general public.
10. Lack of five-year supply of housing land.
11. Delays in developing comprehensive plans leading to loss of planning appeals.
12. Failure to provide appropriate advice to officers, Members, and developers in relation to Local Plan policies.
13. Development proposals being brought forward ahead of completion of plans.
14. Injuries to staff whilst on site visits*.*
15. Lone working.
16. Breakdown of relationship with Stratford District Council regarding the Local Plan.
17. Housing needs of population not met.
18. Failure to deliver objectives outlined in the Local Plan.

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 Place, Arts and Economy Risk Register has also been reviewed.

3.4   These risks, if realised, would be detrimental to the Council with regards to achieving the external elements of the Fit for the Future Strategy.

4   **Findings**

4.1   **Recommendations from Previous Reports**

4.1.1 There were no recommendations arising from the previous report.

4.2   **Financial Risks**

4.2.1 **Risk: Failing to deliver adequate infrastructure for development, leading to reduced income from the New Homes Bonus.**

Housing sites and non-residential developments are monitored annually; larger sites that are subject to Section 106 agreements are monitored on a quarterly basis. The Authority Monitoring Report (AMR) is the method through which the monitoring of housing and employment land is reported. This report is produced after the annual monitoring has been completed and measures performance against Local Plan objectives. The AMR includes details of the development status of Local Plan allocations.

It should be noted that the COVID-19 pandemic has had a noticeable effect on development in Warwick District, as construction ceased during the first UK lockdown and new working practices further restricted the pace of construction. During 2020/21, 841 new homes were delivered, 228 of which came under the Affordable Housing Scheme. This figure has somewhat decreased from the 1,168

new homes delivered in the previous year; it is also below the average annual requirement of 1,098 homes. The service will shortly publish its AMR for 2021/22 in which 1,111 homes were delivered. The average annual requirement is projected to be considerably above or below average at various points in the Local Plan, due to the delivery of larger sites. The average annual cumulative requirement for 2020/21 was 7,992. The number of cumulative houses delivered was 7,235, meaning that cumulative delivery was also below the requirement. The cumulative average requirement for 2021/22 was 9,090; 8,346 homes were delivered.

4.2.2 **Risk: Potential fines for non-compliance with legislation (including the Planning & Compulsory Purchase Act 2004).**

Legally, there is no requirement for local planning authorities to produce an AMR; however, Warwick District Council (WDC) has an overall duty to monitor local planning. Policy DS2 of the adopted Local Plan requires that new housing delivers a quality mix of new homes, including affordable houses, homes suitable for elderly and vulnerable people, and sites for gypsies and travellers. During 2020/21, there was no gain or loss of bedrooms in residential institutions (care homes) and no self-contained sheltered housing units were delivered. Moreover, no homes for elderly and vulnerable people were completed, although sixty-two suitable dwellings began construction. No pitches were delivered in 2020/21 for gypsy and traveller sites.

A number of policy documents are relevant in the decision-making process for planning applications within the district. The hierarchy of these policy documents and their functions are summarised on the Council website. This includes the National Planning Policy Framework (NPPF), Local Plan, Development Plan Documents (DPD), Supplementary Planning Documents (SPD) and Neighbourhood Plans. Council-adopted SPDs and supplementary planning guidance are also located on the website.

The Planning Policy team has delivered six SPDs in the last two years and has worked with Qualifying Bodies to produce a number of Neighbourhood Development Plans, four of which have been adopted within the same time period. The policy team are actively working with another Qualifying Body at an early stage in the preparation of the Neighbourhood Plan. The AMR and the Infrastructure Funding Statement have also been produced in a timely manner and according to regulations.

4.3 **Legal and Regulatory Risks**

4.3.1 **Risk: Unauthorised developments taking place.**

Site visits are not currently conducted as frequently as previously due to the position of the Development Monitoring Officer (DMO) being vacant. Without a DMO, the service was unable to undertake quarterly monitoring in Q2 2022/23. In the absence of a DMO, the Business Manager (BM) has diverted resources to ensure that the team are able to progress and publish the housing trajectory (and in turn understand the five-year housing land supply position), the AMR and the Infrastructure Funding Statement. It is anticipated that this will be completed within the next month.

The next round of monitoring is due in January 2023. The team are hoping to conduct this monitoring as normal, but at present it is not certain whether the team has the capacity to do this. Interviews for two Site Delivery Officer (SDO) posts began in December; one of these posts has been filled subject to contract. There will also be a need to advertise for three further policy positions, including one full-time permanent Senior Planning Policy Officer, one full-time permanent career graded Planning Officer/Senior Planning Policy Officer and one full-time two-year fixed term Contract Planning Policy Assistant.

Testing conducted by the auditor reviewed site monitoring figures for Q1 2022. This revealed that quarterly site monitoring data had been inputted appropriately onto the Acolaid Idox system. Testing of data across sixteen sites revealed that figures from thirteen sites had been inputted appropriately onto Acolaid and matched the housing figures laid out in the Schedules of Accommodation. There were just three developments where minor discrepancies ensued.

Advisory – Although this did not suggest a widespread issue, consideration should be given to updating Acolaid as accurately as possible.

4.3.2 **Risk: Statutory procedures not followed/not meeting regulatory requirements.**

The Local Development Scheme (LDS) is a three-year programme which provides the local community with information on the current planning policies that are being used for deciding applications within the District. The Council is required to produce an LDS under the terms of the Planning & Compulsory Purchase Act 2004. The LDS has not only been drawn up in line with national legislation, but also in line with Local Plan policies (policy DS19). The legislation requires an annual update to be prepared to reflect progress made against the previously adopted document and any new areas of policy.

Some additional funds are being drawn down from the Climate Emergency Action Fund to pay for additional expert advice to support the remaining stages of preparing the Net Zero Carbon DPD. In addition to this, there is already provision within the Planning Reserve for officers to draw down funds to support work on the LDS documents. It is considered, however, that further budget will be required to complete the Net Zero Carbon DPD including, importantly, the costs associated with the public examination. It has been approved that a further £30,000 be drawn down from the Planning Reserve to cover costs associated with this DPD.

4.3.3 **Risk: Staff unaware of legislative changes.**

The BM holds monthly team meetings but, if necessary, separate meetings concerning specific matters are also arranged. Process and procedure notes are held on the network files relating to the Finance Management System and Acolaid.
The team keep abreast of any relevant updates through regional Royal Town Planning Institute (RTPI) seminars, although these were put on hold during COVID. Monthly lunchtime briefing sessions are also frequently held. These usually comprise presentations relating to specific topics, e.g., an emerging

policy document. Officers are also expected to book onto mandatory training sessions and are encouraged to book onto supplementary training relevant to their role.

All agreed policies are published on the Council's website, with specific pages being set up for overall policy, SPDs, and DPDs. Links are also included on the website to any live consultations. Any new legislation or guidance, such as an update to the NPPF, is circulated amongst the team and discussed at monthly meetings. When developing new policy documents, the BM holds supplementary team meetings to ensure that officers are suitably briefed and understand the emerging policies.

Local Validation Lists set out the information that WDC requires to be able to register, assess, and determine planning applications. This takes planning policy into consideration with regards to affordable housing, air quality, and design.

4.3.4   **Risk: Failure to pass the Housing Delivery Test.**

The Housing Delivery Test is a calculation specified by central Government to measure whether local planning authorities are meeting their requirements for housing delivery. It is a percentage measurement of net homes delivered against the number of homes required (as set out in the Local Plan), over a three-year rolling period. 100% or above ensures that the authority is meeting or exceeding its housing requirement. The implications of anything below this are then structured into tiers depending on the percentage. A failure to meet these targets could lead to the Local Plan becoming null and void. The Housing Delivery Test for 2020/21 is yet to be published; whilst no date has been set, the team expect this will be published in January 2023. The BM and Head of Place, Arts and Economy (HPAE) advised that the team does not anticipate any issues arising from the test; the Housing Delivery Test for 2019/20 amounted to 122%.

The team produces an annual housing trajectory to measure housing supply; this is reported in the AMR. There are many variables relating to housing delivery and therefore assumptions on what might be delivered in a year may ultimately differ from the reality; a delay in progress on one or two major sites or a development being unexpectedly brought forward can significantly alter delivery.

When granting planning permission, condition(s) are imposed relating to when a development must commence. If it does not commence within the stated period of time and no applications are submitted to extend that length of time, then the permission will lapse. Once a permission has been implemented, i.e., a substantial start has been made on site, the local planning authority has very little control over how long the period of construction will last.

4.4   **Reputational Risks**

4.4.1   **Risk: Lack of staff resources to support corporate projects.**

Staff workload is regularly reviewed through 1:1s with line managers. These usually take place on a fortnightly basis but may be more frequent if appropriate; staff also have annual appraisals. 1:1s are delivered to new starters

to ensure that staff understand their role within the team. The LDS is also a tool used to manage staff workload. However, there is inevitably deviation from this due to the changing priorities of the Council.

4.4.2 **Risk: Poor quality development within the District.**

Completed plots tend to be reviewed either by Development Management or Building Control. Legal Services or Assets deal with transactions concerning land owned by the Council. Although the service has no control over the identity of the landowner, applicant, or developer, SDOs are sometimes involved in matters relating to the purchase of the land. Furthermore, the service maintains a list of contact details for statutory consultees.

The Contracts Register was interrogated for budget monitoring purposes. Expenditure was within budget for the DPD consultancy contract and the Habitat Biodiversity Audit contract. The initial contract award for the Strategic Environmental Assessment and Sustainability Appraisal was for £37,328; this was the figure provided by Lepus Consulting within the revised tender documents. As the cost of the work was greater than the team had anticipated, the contract was awarded to Lepus by exemption. Further work was later identified which had not been included in the original contract. This could not be done by variation as it breached procurement regulations (PCR2015). This was instead delivered as a Cabinet exemption delegated to the Chief Executive Officer (CEX). The exemption for the second contract was put forward as a recommendation in the December 2022 LDS report; a request which was supported by the CEX and substantiated in the Cabinet minutes. The second contract for £56,362 was signed by both Lepus and the HPAE in October 2022. The updated contract has been included on the Contract Register and saved to the relevant network files.

The Urban Capacity Assessment contract was originally valued at £49,127.50. A member of the South Warwickshire Local Plan (SWLP) team submitted a Change Request form to the Strategic Procurement and Creditors Manager (SPCM) on 4 July 2022; this was to increase the contract by £6,487.50. This was signed by Arup and WDC in July-2022 and a formal variation to the contract was drawn up accordingly. This variation brought the total contract value to £55,615. Ultimately the cost of all three invoices supplied by Arup, amounted to £58,755.60, which was £3,140.60 greater than the varied contract amount. This increased cost was owing to ad-hoc additional work and covered the consultant's mileage costs. The BM completed a contract variation form for the additional £3,140.60 and the contract register has been updated accordingly. The BM works closely with the SPCM and Procurement Business Partner to ensure that contracts are up-to-date and recorded accurately on Ci Anywhere.

As part of the SWLP, Arup also conducted a climate change analysis, which explored the causes and impacts of climate change on South Warwickshire. Subsequently, they have developed both a mitigation and an adaptation rating for control. Mitigation refers to efforts to reduce or prevent emission of greenhouse gases. Mitigations are preventative measures against climate change such as using new technologies and renewable energies or making older equipment more energy efficient. Adaptation means anticipating the adverse

effects of climate change and taking appropriate action to prevent or minimise the damage that may arise.

Two other contracts were found to be in place for E-consultation and retail consultancy, but no expenditure was highlighted against these on Ci Anywhere. The HPAE confirmed that the retail consultancy contract with Carter Jonas no longer exists. It has, instead, been replaced by a contract with Lambert Smith Hampton. This offers a call-down service for any major retail or town centre planning applications, and also the provision of a Town Centres study to underpin the SWLP. The SWLP has its own budget which is monitored through a spreadsheet; this was last updated in February-2022.

The renewal is due on the E-Consultation contract; however, there are issues with the G-Cloud platform. The software used by the contractor has been declared preferable to the in-house software used by Stratford District Council (SDC). Based on this consultation with staff, WDC aim to use the contractor's software for the SWLP, with SDC contributing to any additional costs. This may mean that separate contracts will need procuring in the future.

4.4.3 **Risk: Lack of 5-year supply of housing land.**

The Local Plan outlines developments due to come forward within the Local Plan period and the housing trajectory provides further detail of this including those sites likely to be developed in the next five years.

The WDC Local Plan makes provision for a minimum of 16,776 new homes between 2011 and 2029. The Council is expected to ensure that sites come forward in a timely manner and that the district has, at all times, a housing land supply of at least five years. This includes assessing how many homes are likely to be completed over the next five years based on sites with existing planning permission. The total five-year requirement for the period 1 April 2021 to 31 March 2026 is calculated at 6,559. This equates to an annual average of 1,312 homes. The Council estimates that, over the next five years, a total of 6,696 new homes will be built, meaning that the Council considers that it has 5.10 years' supply of housing land.

The team monitor their five-year housing land supply through a trajectory spreadsheet. This presents a summary of actual and forecast completions and allows the service to monitor how well the Council measures up to the average annual requirement. This spreadsheet is then divided into smaller pages which look at individual sites based on current planning applications. Based on the likely build out rates, this enables the section to monitor current progress including under or overperformance.

The service also maintains a Brownfield Land Register which sets out land that the Council considers to be appropriate for residential development, following national regulations. The Brownfield Land Register Regulations came into force in April 2017 and aim to encourage developers to invest in Brownfield Land. The register is reviewed at least once every year to include any new sites or amend previously identified sites.

The Local Plan review evaluates the availability of sites. This may begin through a 'Call for Sites' process followed by an evaluation of the suitability of sites through a Housing and Economic Land Availability Assessment (HELAA). In developing the SWLP, the team commissioned an Urban Capacity Study which provided an assessment of the capacity of urban land to deliver additional housing to meet the needs of the area. Work on the HELAA will be carried out during 2023 as part the production of the SWLP.

4.4.4 Risk: Delays in developing comprehensive plans leading to loss of planning appeals.

Both WDC and SDC agreed that climate change needed to be considered as a priority. WDC has progressed a Net Zero Carbon DPD in response to its climate emergency declaration. SPDs add further detail to the policies outlined in the Local Plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Although an SPD can be adopted without the need to go to public examination, it cannot outline any new policies. There is no guidance or requirements to follow on how quickly SPDs should be produced. Instead, they will be completed in order of priority, as per the Local Development Scheme. Members, officers, and Portfolio Holders are consulted in this decision. DPDs, on the other hand, are planning policy documents which form part of the Local Plan for the area. They help to guide development within a local planning authority area by setting out the detailed planning policies, which planning officers use to make their decisions on applications. A DPD is subject to an examination in public, carried out by a planning inspector. DPDs have their own timetable which allows the service to monitor progress against key target dates.

The LDS is updated annually. This sets the priorities for delivery; however, these may be altered if external factors come into play e.g., staff absence. There is a detailed timetable in place for the delivery of the SWLP which is set out on the SWLP website. This was agreed by members of the Joint Cabinet/Executive Committee on 10 March 2022. This was confirmed by the auditor through the SWLP Timetable Report, located on the SDC website. After its presentation at Joint Committee in December, there will be an eight-week consultation period commencing early January 2023. This process has been delayed slightly due to the availability of the Housing and Economic Development Needs Assessment (HEDNA) which was affected by delays in the release of relevant 2021 Census data.

All SPD and DPD documents are available on the WDC website. Neighbourhood Plans which have either been made or are under preparation are also available to view. Neighbourhood Plans form part of the Development Plan for the area. Electronic site maps of planned development sites are maintained in the planning folders on the network file.

4.4.5 Risk: Failure to provide appropriate advice to officers, Members, and developers in relation to Local Plan policies.

The LDS for 2021/22 is available on the Council website. This was approved by Cabinet in May-2021. The updated LDS went to Cabinet in December 2022. The Council could have chosen not to adopt this, and instead suggested a different

range of priorities and timetable for the delivery. However, the LDS has been developed to bring forward the right documents as swiftly and efficiently as possible in a realistic timeframe given the resources available. A formal programme of planning policy is set out in the LDS, which has prioritised goals over the next three years. Adherence to these is monitored through the AMR. The request proposing to update the LDS asked the Cabinet to note that officers are utilising existing resources within the planning service to ensure there is officer capacity to deliver the LDS. The current level of resources is not sufficient to deliver the programme of planning policy work outlined in the proposed LDS, given the range of other related tasks that the team need to deliver. An opportunity has been created through the recent wider management restructure which saw the deletion of the Policy & Projects Manager. This has given the opportunity to review the resources, capacity and skills needed to deliver the LDS, and funding will be redeployed to increase the capacity and capability of the Planning Policy team. It should also be noted that staff resourcing challenges since the publication of the current LDS have impacted on the team's ability to deliver all elements of the current LDS.

Since the adoption of the Local Plan, there have been several SPDs produced including a residential design guide and parking standards. A review conducted by the auditor found that all eight SPDs were adopted in line with the relevant Cabinet meeting dates. In addition, the Planning Policy team has also produced supplementary planning guidance on the mix of housing for large scale developments and guidance relating to Policy H6 (Houses in Multiple Occupation and Student Accommodation).

Since the production of the LDS in May 2021, the Planning Policy team commenced work on the joint SWLP with SDC and has undertaken an initial Scoping and Call for Sites consultation; they have also produced a Net Zero Carbon DPD. This is one of the first to be produced by local authorities on this issue in England and attempts to deliver on the Council's Climate Change Action Programme and respond to the Council's climate emergency declaration. The priorities for the next three years, as set out in the LDS, are the SWLP, Net Zero Carbon DPD and Purpose-Built Student Accommodation DPD along with three further SPDs. The Gypsy and Traveller Sites policy will be covered through the SWLP.

4.5   **Fraud Risks**

4.5.1   **Risk: Development proposals being brought forward ahead of completion of plans.**

The Infrastructure Funding Statement provides information on the contribution sought and received from developers for the provision of infrastructure, and the subsequent use of those contributions by WDC. These are monitored quarterly and categorise the amount of money contributed to each planning application by specific developers. Applicants are encouraged to engage in pre-application discussions with the Development Management team. Although this is not a statutory requirement it does mean that issues may arise if the pre-application advice is not taken. Although Planning Policy provide advice on local plan sites there is no set charge for this.

4.6   **Health and Safety Risks**

4.6.1   **Risk: Injuries to staff whilst on site visits*.***

The team conduct quarterly site visits to assess plots for completion. Staff record this through spreadsheets and upload figures to Acolaid. There is an ICE (In-Case of Emergency) spreadsheet that only service managers have access to; this contains the contact details of individuals and next of kin should they be required. There are currently no risk assessments specific to Policy & Projects on AssessNet as staff visits are fairly infrequent. There is, however, a site inspection risk assessment for Building Control that can be applied to Planning Policy site visits and lone working. This covers COVID-19, travelling for work, PPE and handling of equipment or documents. There have been no known accidents to date, as Planning Policy officers and Development Monitoring Officers rarely visit live construction sites.

4.6.2   **Risk: Lone working.**

If staff go on site during monitoring or policy work, they are asked to update their Outlook calendar with their whereabouts and the times that they expect to be out of the office. A review of the previous DMO's calendar was conducted; it was found that site visits had been recorded in the calendar and the officer was shown as working out of the office. Officers are also asked to operate on a 'buddy' system, whereby a colleague will be informed of officer whereabouts and the time that they expect to return.

Solo Protect has been discussed at a management level, but it was felt that there was no need for policy staff to be issued with the devices given the infrequency and nature of the visits that they undertake. New staff are issued with PPE where relevant and use their own mobile phones when visiting sites. The service has also devised a virtual whiteboard in which staff members log their daily working times and activities. This ensures that management has a clear indication as to staff whereabouts. The Service Area has a lone worker policy that staff must follow when undertaking site visits. However, this has not been updated since 2018.

Recommendation – The Service Area Lone-Worker Policy should be updated.

Although there is a Corporate Lone-Worker Policy in place, this also is out of date (2018). The recommendations to update this policy are being covered under the Corporate Health and Safety audit.

4.7   **Other Risks**

4.7.1   **Risk: Breakdown of relationship with Stratford District Council regarding the Local Plan.**

There is no formal agreement in place with SDC regarding the joint Local Plan. The principle of undertaking this project was agreed by both Councils, and Joint Cabinet continue to make decisions on the SWLP. The appendix to the Cabinet decision (which was also approved by SDC's Cabinet) sets out the principles by

which the service operates. This includes the proposed governance and funding arrangements. The estimated cost of producing the SWLP is £2.2m, excluding staff costs. This cost is to be shared equally between Stratford and Warwick. Stratford has £1.3m in place within the Core Strategy Funding Reserve to fund its share. Warwick currently has £0.5m allocated, including £0.3m as part of the 2022/23 Budget. Further funding from WDC will need to be agreed as part of future Budgets.

SWLP team meetings are held every week with the BM, HPAE and their SDC equivalents. The Planning Policy team are also in regular contact with their Portfolio Holder and Development Management. There is a SWLP advisory group in place which comprises Members from both local Councils.

4.7.2 **Risk: Housing needs of population not met.**

The consultation process varies depending on whether the new policy is an SPD or a DPD. SPDs will be produced in draft form and will be passed to Cabinet for approval to consult. From there, a public consultation process will be undertaken along with informing the statutory consultees (e.g., parish and town councils, Highways England, Historic England etc.). Once this consultation period has ended the comments will be made live, a summary will be produced, and responses and actions will be drawn up. Depending on the responses, some changes may be made, and a report will then be presented to Cabinet for the policy to be adopted. The process for DPDs is largely similar; however, there will also be a second round of consultation, with the document subsequently going to an independent inspector for public examination following a Council decision to submit the Plan for examination. Neighbourhood Plans are designed by local communities to guide development in their parish or other designated area. Once adopted, these form part of the policy framework for the area. Three plans were made during 2021 (Bishops' Tachbrook, Radford Semele and Royal Leamington Spa) and a further in 2022 for Burton Green.

The Council undertook a scoping consultation on the SWLP which ran from 10 May to 21 June 2021. This asked a series of questions regarding what the new Local Plan should cover and how the Council should aim to tackle issues. In particular, it asked where in South Warwickshire new development should be located and how the Council should accommodate growth. At the same time as the consultation, a Call for Sites also took place, inviting suggestions for potential sites to be allocated for a variety of land uses. This process allows residents to suggest land for future development or infrastructure purposes. These are then assessed and considered for their sustainability for inclusions as allocations within the SWLP. These have been compiled into an interactive map for the public to view.

The Call for Sites was published on 5 January 2022 with a total of 558 sites being submitted. Publication of the Call for Sites is not an endorsement by either Council that the site is suitable for development or that it will be included within the Local Plan itself; in fact, it is unlikely that all sites will be taken forwards as the plan progresses. The SWLP period has a minimum requirement of fifteen years, with a review of the plan taking place every five. Members of the public have the option to sign up to the SWLP website in order to be kept informed.

Council activities are also published on Social Media sites including Facebook and Twitter.

Testing conducted by the auditor reviewed two SPDs and four DPDs. Five out of six documents had received approval to consult which were substantiated by Cabinet meeting minutes. The Gypsy and Traveller DPD has been subsumed into the draft SWLP. The Canalside DPD, whilst has received consultation responses, has not yet been adopted as it is also laid out in the SWLP. The Net Zero Carbon DPD (Regulation 18 and 19) has not yet been adopted as it is currently undergoing independent examination. In all cases, OPUS Consult allowed the auditor to see the number of responses to each document, with the number of comments, supports and objections clearly visible. In four cases, the public were given a full two months to provide responses. The Canalside DPD was given six weeks as per Council requirement. No summary of responses from the Council has been provided for the Canalside DPD, as the Net-Zero Carbon DPD and SWLP have taken priority. There was also strong opposition from the Canal and River Trust and therefore it was not sensible to progress the DPD onto the examination stage without first addressing these concerns. The Programme Advisory Board also agreed that this should not be considered a priority; whilst it remains on the LDS, there is no timetable set out for its adoption. When next reviewing the LDS, this will be re-visited, and its priority and delivery will be considered in light of other priorities and staff capacity.

4.7.3 Risk: Failure to deliver objectives outlined in the Local Plan.

The Local Plan allocates sites across the district for housing, employment, town centre development, education and sports and leisure purposes. The current status of each of these sites is monitored throughout the AMR. The SWLP is replacing the strategic policies of the existing Warwick Local Plan. If SDC did decide to withdraw from the joint plan, WDC would revert back to an updated version of their own local plan.

5 Summary and Conclusions

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

- Risk 15 – Service Area lone-working policy is out of date.

5.2 One further 'issue' was also identified where an advisory note has been reported. In this instance, no formal recommendations are thought to be warranted as there is no risk if the actions are not taken.

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

5.4 The assurance bands are shown overleaf:

Level of Assurance	Definition
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 Planning Policy – December 2022

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.6.2	Health and Safety Risk - Lone working.	The Service Area Lone-Worker Policy should be updated.	Low	Business Manager (Policy & Sites Delivery)	The current lone worker policy remains largely relevant; however, it would benefit from being updated as it was prepared prior to the pandemic, when most staff were office-based for most of the time.	31 March 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.

	INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	Treasury Management
TO:	Head of Finance	**DATE:**	20 January 2023
C.C.	Chief Executive		
	Strategic Finance Manager		
	Principal Accountant (RW)		
	Portfolio Holder (Cllr Hales)		

1   Introduction

1.1   In accordance with the Audit Plan for 2022/23, 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   In its Treasury Management Code of Practice, CIPFA defines treasury management as:

"The management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks."

2.2   The Council maintains an investment portfolio, with investments ranging from longer-term corporate equity funds to liquid money market funds, and a long-term borrowing portfolio with the loans relating to Public Works Loans Board (PWLB), with the most recent of these loans being for 'forward lending' to Vistry.

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. The findings detailed in the following sections confirm whether the risks are being appropriately controlled 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.   Monies are not invested with appropriate funds leading to loss of capital / lack of return on investment.
2.   Payments are not received in respect of monies lent / invested.

3. Payment of excessive interest rates on monies borrowed.
4. Inappropriate management of cash flow (liquid funds not available when needed, excessive funds not generating income, etc.).
5. Non-compliance with Codes and regulations lead to professional or organisational sanction.
6. Qualification of value for money conclusion by external auditors.
7. The Council invests in, or fails to divest from, funds which do not meet the Council's 'net zero' agenda.
8. Loss through error, misappropriation, unauthorised dealing, inappropriate transacting, etc.
9. The strategic direction is weak, vague, or inconsistent with organisational objectives.
10. Inappropriate advice is received on management of funds.

3.3 These were identified during discussion between the Principal Internal Auditor, the Principal Accountant (PA) and the Assistant Accountant (AA). The 'financial risks' identified during this discussion (risks 1 to 4 above) were also reflected in the Finance Risk Register (Poor day to day treasury management of bank balances; borrowing; cash flow; investments and interest rate volatility).

3.4 Risk 7 was a new risk identified. In hindsight, the risk could also have covered other 'Environmental, Social & Governance' risks, such as the human rights records of the countries whose banks are being invested in.

3.5 The work in this area impacts specific strands of the Council's Business Strategy, specifically the internal Money strand (financial footing over the longer term) with regards to the better return / use of the Council's assets.

4 **Findings**

4.1 **Recommendations from Previous Reports**

4.1.1 The current position in respect of the recommendations from the audit reported in March 2019 is as follows:

Recommendation	Management Response	Current Status
The Treasury Management Practice statements should be revised to reflect the proper status of Internal Audit in the control environment and risk-based determination of audit frequencies.	The Treasury Management Practices will be reviewed for the 2020/21 Treasury Management Strategy.	Whilst there are other issues within the Treasury Management Practices that need to be addressed (see 4.3.1 below), the latest version available (March 2022) adequately covers the role of internal audit and the risk-based frequency if the audits to be performed.

4.2   **Financial Risks**

4.2.1   **Risk: Monies are not invested with appropriate funds leading to loss of capital / lack of return on investment.**

The Council's counterparty limits and credit rating requirements are formally agreed as part of the Treasury Management Strategy that is reported to and agreed by Council, via Cabinet, on an annual basis. These are also stated in the relevant Treasury Management Practice (TMP) document (TMP1 – Risk Management).

The credit ratings are reviewed, with the latest Treasury Management Activity Report to Overview & Scrutiny Committee (28 September 2022) containing specific reference to the fact that the credit ratings had been retained through the relevant period for Money Market Funds and Call Accounts.

Investments are detailed on spreadsheets maintained by the Assistant Accountant (AA) and testing was undertaken to ensure that the investments were all in line with the agreed limits and ratings.

No issues were noted with the actual investments, but an issue was noted that one of the sampled funds had been incorrectly classified on the counterparty spreadsheet, and the investment limit did not tie in with the figures on the strategy in another case.

In both cases, the limits stated were below the agreed limits, so the investments had not breached the set limits. However, it does mean that there is more room in some funds that could have led to better rates being received.

Recommendation

It should be ensured that the Counterparty Limits spreadsheet accurately reflects the agreed limits and the 'classification' of the funds invested in.

Upon review, it was also noted that several tabs on the spreadsheet were redundant and some columns on the tabs being maintained were also outdated.

Advisory

Consideration should be given to undertaking housekeeping on the investment spreadsheets to ensure that any redundant data is removed.

The Principal Accountant (PA) advised that judgement calls are made on the funds to be invested in, based on emails received from the Council's treasury advisers (Link). He highlighted that, generally, the Council will aim for the best rate in line with the SLY principles (Security / Liquidity / Yield).

However, other considerations may also be taken into account such as, whether the relevant investment limits have been reached and whether the funds are in line with the Council's objectives etc.

The AA prepares cash flow projections on a periodic basis that identify the need for liquid funds, and these will also be referred to when investment decisions are being taken.

4.2.2 **Risk: Payments are not received in respect of monies lent / invested.**

The Grant & Loans Manager (GLM) will advise the AA of any new loans that are being provided. A 'Loans' folder is included on the Treasury Management section of the Finance I: drive that includes details on the loans in place.

A 'position spreadsheet' showing the loans that were in place as at the end of the 2021/22 financial year summarised the interest receivable each year with details of the individual payment schedules being incorporated into the relevant loan spreadsheets, with some detailing the specific payments due and others setting out the total for the year and the monthly amounts due.

Testing was undertaken to ensure that repayments due during the current financial year had been received as required and had been credited against the relevant debtor. No issues were identified.

4.2.3 **Risk: Payment of excessive interest rates on monies borrowed.**

The only (recent) external borrowing has been the £60m loans from the PWLB (Public Works Loan Board) towards the joint venture with Vistry. Six separate loans with differing maturity dates have been taken out and then lent to Vistry in order to facilitate house building within the district.

The Treasury Management Strategy Report 2021/22 highlighted that PWLB rates were very low at the time of the borrowing and would, therefore, have been justifiable and reports to Executive / Council relating to the financing of the joint venture highlighted the need for the funds and the specific advice that had been received.

The borrowing strategy included within the 2021/22 Treasury Management Strategy highlights that:

"… the upside risk of PWLB and other borrowing rates as a result of economic factors make it prudent to consider 'externalising' more of the internal borrowing by taking out PWLB loans during 2021/22".

The Treasury Management Strategy also sets out the approved sources of borrowing with the PWLB at the top of the list and, whilst the 'merits' of using PWLB had lessened since the previous year (with the strategy highlighting other sources of funding that could be considered), it is considered that the PWLB loans were the most appropriate source of funding at the time that the borrowing was required.

4.2.4 **Risk: Inappropriate management of cash flow (liquid funds not available when needed, excessive funds not generating income etc.).**

The PA advised that 'money market funds' are used for short-term investments as the money invested is instantly accessible should liquid funds be required. He

also highlighted that a core 'minimum investment amount' had been set (currently £30m, although discussions are underway to potentially reduce this to £20m). If the capital programme required funds that would move investments below this position, borrowing would be undertaken accordingly (through the PWLB).

Nothing is set out in terms of a maximum cash position although the PA highlighted that we would not want to leave too much in the bank at the end of each day, with best overnight rates being reviewed.

The Counterparty Investment spreadsheet shows that the Council had over £65m invested at the time of audit testing with core funds accounting for approximately £37.5m of this total which appropriately exceeds the minimum agreed level.

The PA advised that Link have highlighted the need to ladder the investments so that maturities are spread out over relevant periods and do not all require re-investment at the same time, helping to ensure that the best interest rates can be achieved during the current financial climate. Daily and weekly updates / forecasts are provided by Link and the account manager from Link will also provide updates should interest rates be expected to change.

Upon review of the investments made in the current financial year, the maturity date of the investments was found to cover various dates across the remainder of the financial year as appropriate.

4.3 **Legal and Regulatory Risks**

4.3.1 **Risk: Non-compliance with Codes and regulations lead to professional or organisational sanction.**

The PA advised that all relevant staff have access to copies of the relevant codes (the latest, 2021, editions), with copies being saved within the Finance Common folders on the shared network drive.

The codes are appropriately referred to in the strategy reports to Members and in the TMPs in place.

The Council does not have a specific Treasury Management Policy Statement in place. However, the report presented to Cabinet, which sets out the Treasury Management Strategy, effectively covers the requirements of the code with regards to this statement.

Whilst the recommended form of words set out in the code have not been specifically adopted, the report sets out a definition of Treasury Management, the assessment and management of risk, and how the activity will support the achievement of the Council's objectives.

Advisory

Consideration should be given to including the recommended form of words within future Treasury Management Strategy reports or within the strategy itself.

As suggested above, the Council has a formal suite of TMP documents. These cover the twelve headings as required by the code.

A few issues were noted, including:

- There was still reference to the Finance & Audit Scrutiny Committee. This needs to be amended to the Audit & Standards Committee.
- Some sections in the document were highlighted. The AA advised that, at the time the latest version was prepared, it was not clear which version of 'SONIA' (Sterling Overnight Index Average) would be relevant.
- Parts of TMP5 were missing (i.e. no details of relevant officers, no choice where options were specified, etc.) The AA suggested that these parts were from a previous version and could be removed.

Recommendation

The Treasury Management Practice documents should be reviewed to ensure that they are complete and up to date.

As highlighted above, the strategy is reported to Cabinet each year before being presented to Council for approval. An annual report and half-yearly performance reports are also reported for scrutiny.

These performance reports had previously been reported to the Finance and Audit Scrutiny Committee but, with the change of committee structure, the latest set of reports was presented to the Overview and Scrutiny Committee with future reports to be presented to Audit and Standards Committee.

Section F(13)(ii) of the Scheme of Delegation states that:

"(The Head of Finance shall have authority to) manage the Council's cash flow (including the collection fund), placing short terms investments and arranging loans in accordance with the approved Treasury Management Strategy'.

TMP5 then sets out the further delegation to staff and sets out the responsibilities of various members of staff throughout the Council.

4.4 **Reputational Risks**

4.4.1 **Risk: Qualification of value for money conclusion by external auditors.**

Details of deposits made were extracted from the Ci Anywhere system, based on the relevant nominal codes. Testing was then performed to check that the details were appropriately recorded on the investment records with appropriate evidence being retained to support the investment and that the transaction had been appropriately authorised.

The transactions were all found to be appropriately recorded on the investment spreadsheets and the transactions had been authorised as appropriate. However, the AA advised that the 'evidence' to highlight why the decision had been taken to make the specific investments was not (generally) retained although was able to provide an example relating to a recent investment.

Advisory

Consideration should be given to retaining correspondence relating to the investment decisions in the folders with the (HSBCnet) authorisation emails.

Details of the recent PWLB loans were provided, with confirmation documents from the UK Debt Management Office being held which show terms to maturity and the interest rate along with details of the payments due for both the interest and the repayment of the principal sums. Notification is also received when payments are due.

All transactions were found on the ledger (with one initially being found to be incorrectly coded, but this was amended once flagged at the time of the audit) and were confirmed to have been paid on the bank statements.

The PA advised that market testing had been undertaken for the 'advice' contract although there is a fairly limited market. This led to Link Asset Services being awarded the contract through a direct award process from an ESPO framework with the justification being that there is only one other provider and they had previously declined to tender.

The use of brokers tends to be based on their access to funds that the Council wishes to invest in with their commission fees being wrapped up in the rates offered.

4.4.2 **Risk: The Council invests in, or fails to divest from, funds which do not meet the Council's 'net zero' agenda.**

The PA confirmed that there is no direct investment in funds that invest in fossil fuels and the money market funds and banks that the Council uses do not directly invest in fossil fuels either although it is not always clear what the investments fund further down the supply chain.

There had previously been £6m in two equity funds where the breakdown provided by fund managers showed that there was investment in fossil fuel companies.

The initial decision to divest from these funds was agreed by Council in May 2020, with an update on the 'successful' divestment being confirmed in the 2021/22 Annual Treasury Management Report.

The PA highlighted that the Council has access to, and has invested in, a number of specific 'ESG funds' (Environmental, Social & Governance) although there is nothing to date in the CIPFA code regarding the use of these funds and how to balance their use against the SLY principles.

He advised that the use of ESG funds will be reflected in the 2023/24 treasury management strategy and suggested that these funds will be used when the rates are comparable with other investments options.

4.5 **Fraud Risks**

4.5.1 **Risk: Loss through error, misappropriation, unauthorised dealing, inappropriate transacting, etc.**

The PA advised that the AA and the Accountancy Assistant undertake the day-to-day functions and would raise the individual transactions. They are not involved in authorising the transactions which is undertaken by any two from the 'list' (generally the PAs but also the Strategic Finance Manager, Exchequer Manager and the Benefits and Customer Services Manager).

The AA retains evidence of the emails sent by the authorising officers which show the trails from her initial emails asking for authorisation and the subsequent responses from the two authorising officers. The only transactions that do not require two authorising officers are the transfers of funds between two of the Council's accounts.

Testing was undertaken on a sample of investments to ensure that the two-stage authorisation process had operated with records being retained accordingly. No issues were identified.

The AA advised that there are ad-hoc reviews to ensure that funds had been received as expected (i.e. the return of principal sums at maturity along with interest due), with the main checks being performed when the 'longer term' investments have reached maturity.

Testing was undertaken on a sample of matured investments and withdrawals from Money Market funds to ensure that the funds received were in line with the amounts calculated. The testing proved satisfactory.

The spreadsheets used to track the investments use formulas to calculate the expected returns, with the 'money market' spreadsheet being updated daily with the interest rate available.

Due to the number of different formula-driven calculations on the spreadsheets it was only possible to undertake a cursory review of the formulae. No issues were identified and the interest received in relation to matured funds was found to agree to the figures calculated (as per the testing set out above).

4.6 **Other Risks**

4.6.1 **Risk: The strategic direction is weak, vague, or inconsistent with organisational objectives.**

The Treasury Management Strategy itself does not make specific reference to the Council's objectives. However, when reported to Executive / Cabinet and then Council, the covering report refers to how the strategy, the Treasury

Management Practices and the Treasury Management 'service' help the Council achieve its objectives.

4.6.2 **Risk: Inappropriate advice is received on management of funds.**

As highlighted above, the Council uses Link Treasury Service Limited for its (external) treasury management advice as well as the provision of training.

Link is a well-established company that have been used by the Council for several years and are regulated by the Financial Conduct Authority.

They were appointed via a framework and the framework provider (ESPO) are expected to ensure that the company is appropriate to qualify for their place on the framework.

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 1 – Monies are not invested with appropriate funds leading to loss of capital / lack of return on investment.
- Risk 5 – Non-compliance with Codes and regulations lead to professional or organisational sanction.

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 the actions are not taken.

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

5.4   The assurance bands are shown below:

Level of Assurance	Definition
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 Treasury Management – December 2022

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial Risks - Monies are not invested with appropriate funds leading to loss of capital / lack of return on investment.	It should be ensured that the Counterparty Limits spreadsheet accurately reflects the agreed limits and the 'classification' of the funds invested in.	Low	Principal Accountant	The Counterparty Limits spreadsheet will be updated for inclusion in the Treasury Management Strategy Statement report for 2023/24 currently being drafted.	27/01/23
4.3.1	Legal and Regulatory Risks - Non-compliance with Codes and regulations lead to professional or organisational sanction.	The Treasury Management Practice documents should be reviewed to ensure that they are complete and up to date.	Low	Principal Accountant	The TMPs will be reviewed as soon as time permits.	31/03/23

* 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.

Guidance on the Role and Responsibilities of Audit Committees

Public Sector Internal Audit Standards (Updated 2016)

Independence and Objectivity

The chief audit executive must…establish effective communication with, and have free and unfettered access to…the chair of the audit committee.

Glossary

Definition: Audit Committee

The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

Audit Committees: Practical guidance for Local Authorities (CIPFA)

Core Functions

Audit committees will:

… Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

Suggested Audit Committee Terms of Reference

Audit Activity:

• To consider the Head of Internal Audit's report and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.

• To consider summaries of specific internal audit reports as requested.

• To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

***Called to Account: The Role of Audit Committees in Local
Government (Audit Commission)***

Monitoring Audit Performance

Auditor/officer collaboration

Slow delivery and implementation of recommendations reduces the audit's impact and can allow fraud to flourish or service delivery to deteriorate. Audit committees can play a key role in ensuring that auditors and officers collaborate effectively. This can enable auditors' reports to be dovetailed into the relevant service committee cycles and ensure that officers respond promptly to completed audit reports.

Management response

An audit committee can ensure that officers consider these recommendations promptly, and act on them where auditors have raised valid concerns.

Implementation

Agreed recommendations arising from audit work need to be implemented. Councils should have a forum for considering the contribution of internal and external audit and for ensuring that audit is, in practice, adding value to corporate governance.

Audit committees can be a powerful vehicle for securing implementation of audit recommendations and thereby improve the operation and delivery of Council activities.

CIPFA Technical Information Service Online

Audit Reporting

Introduction

Internal auditors should produce periodic summary reports of internal audit's opinion and major findings.

The…report could also be issued to senior management of the organisation but should primarily be issued to the audit committee to report upon the soundness or otherwise of the organisation's internal control system. This report will form the conclusion of the work undertaken by internal audit during the period of the report. A summary of the scope of this internal work should also be included in the report.

Periodic Internal Audit Reports

Audit committees should not normally be provided with the full text of internal audit reports. Audit reports are mainly concerned with operational details while audit committees and members or non-executive directors should be concentrating on ensuring that the organisation's system of internal control is effective and that the strategic or corporate objectives are being achieved efficiently. Members or non-executive directors' interest in internal audit should normally be restricted to gaining an assurance that the organisation's systems of internal control are adequate and that where audit does not consider this to be the case that action is taken to ensure that any short comings are rectified promptly.

Audit committee members should not usually get involved in discussing individual internal audit findings or recommendations but should concentrate their attentions on the opinions internal audit express on the activities and systems they have reviewed. These opinions should be summarised and should provide a clear opinion on the overall quality of the organisation's internal control system and the general level of performance across the organisation. Members or non-executive directors should not be over concerned with adverse internal audit conclusions if reasonable recommendations suggested by internal audit have been accepted and that these have been promptly implemented.

If, however, major internal control weaknesses are discovered these should be reported to the audit committee as this may indicate general weaknesses in the management of the section or the department concerned. Audit findings that appear to show a common thread of similar weaknesses throughout the organisation should also be reported to the audit committee.

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9 Traits of an effective Audit Committee: Institute of Chartered Accountants in England & Wales – Technical Guidance

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Having an effective Audit Committee is essential for good corporate governance as it leads on financial reporting, internal controls, risk management and external audit functions.

A group of Audit Committee Chairmen and Members, from FTSE 100 and FTSE250 businesses, identified these attributes during a roundtable event held at ICAEW in June 2018, as being qualities indicative of an effective committee:

1.   Intellectual curiosity and professional scepticism

2.   Courageous in making tough decisions

3.   Balanced, ethical approach to whistleblowing

4. Oversight of key risks (not just financial)

5. Excellent relationship builders

6. Ability to build and develop a strong team

7. Able to challenge the external auditors

8. Good listening skills

9. Own the agenda

Intellectual curiosity and professional scepticism

Intellectual curiosity and professional scepticism are necessary attributes in an Audit Committee member. It's not enough to request confirmation from the external auditors and the executive team as this can provide a false sense of comfort. Members of the modern Audit Committee must understand the business and ask the right questions. Audit Committee members must take the time to visit the different parts of the business, particularly an international business, to scrutinise it and get a good understanding of its workings. They must also remember that they are non-executives and have a responsibility to remain objective.

Audit Committee Chairs and members may have more than one directorship and must be mindful of their time commitment to avoid becoming overwhelmed by any one role.

Courageous in making tough decisions

The toughest decisions generally concern people rather than numbers. Audit Committee Chairs have to have the strength and courage to tackle any under-performance in the finance team. In some cases, they will need to replace the existing team to ensure that they have a strong team in place to support them.

Other tough decisions are to:

➢ appoint new external auditors. If the new auditors take a harder line with the Board then there is the potential for a backlash to be directed at the Chair of the Audit Committee. The appointment of the auditor is a key responsibility of the Audit Committee.

➢ re-organise the internal audit function. When an organisation does not have the right skill-sets internally to perform the internal audit function, outsourcing and co-sourcing are the most popular solutions. Proponents of co-sourcing argue that it provides access to the expertise required whilst maintaining independence.

Balanced, ethical approach to whistleblowing

The Audit Committee is responsible for ensuring that the whistleblowing process is balanced, ethical and effective. The culture of an organisation is clearly visible when a whistleblower comes forward particularly at Board level if the reported incident involves a director.

Culture is an intangible yet important aspect of all organisations. It is the responsibility of the Board but is often discussed by the Audit Committee. The Chairman of the Audit Committee needs to create a forum where people can discuss all issues openly. Recent high-profile company collapses highlight the issue of management override and company culture. The Audit Committee Chairman must take a balanced and ethical perspective, scrutinise and challenge any decisions to move away from the market standards in accounting and reporting.

A culture where people can admit mistakes and learn from them was identified as the ideal. 'Near misses' offer good opportunities to learn and improve without blaming individuals. The Audit Committee needs to ensure that its working culture is one where corporate governance requirements were valued rather than seen as a compliance issue.

Oversight of key risks (not just financial)

Large scale IT projects and cybersecurity are often seen as two of the biggest risks facing a company. Solutions to these issues ranged from having a specialist presence on the Board to having a broader expertise on the Audit Committee. The use of advisors to consult on the risks is also an effective solution.

The financial services sector is subject to regulation which requires separate audit and risk committees, which emphasises the need for effective teamwork and communication between committees. When the committees are separated, greater care is necessary to ensure that some issues do not slip through the cracks. Other sectors are not required to separate the audit and risk committees but make the decision based on what is needed in the business.

Excellent relationship builder

Inviting the Chairman, Chief Executive Officer and the Chief Financial Officer to attend the Audit Committee meetings alongside external and internal audit helps to create an open and transparent culture. It is also important to build strong working relationships with these key stakeholders. The challenge of having the Chairman attend Audit Committee meetings is that there is the possibility that they may take the lead in the meeting.

Build and develop a strong team

The Nominations Committee is responsible for the membership of the Audit Committee. A Board of non-executive directors is selected and then split into committees. While this produces the correct numbers for committee membership, it does not necessarily allocate the correct skill-set. It is necessary to build and develop a strong team from this starting point.

Working relationships on the Audit Committee are important and difficult personalities need to be addressed in the feedback and performance evaluations. Facilitation skills are key and the Chair of the Audit Committee will use the evaluation process to develop the committee members.

Able to challenge the external auditors

Business structures and the industries in which they operate are becoming increasingly complex. Auditors are called upon to give their judgement on a number of issues and there is a sense that the broad range of experience and understanding of complex business issues is often only found in the larger firms.
Auditors can be reluctant to give a qualitative opinion and more junior auditors don't always fully understand the business. Members of the Audit Committee need to challenge the external auditors to be assured that they understand the complexities and culture of the business and that their judgement is sound.

Good listening skills

Audit Committees often receive large volumes of papers but need to listen to the messages delivered at Audit Committee meetings. Internal audit is widely considered to be a key element in an effective Audit Committee, often acting as their eyes and ears within the business. The Audit Committee Chairman needs to build a good working relationship with the Head of Internal Audit whilst remaining objective and independent. The head of internal audit should sit at the executive committee level, so that they have the status and opportunity to challenge the executive.

Own the agenda

These traits are specifically for the Chairman of the Audit Committee as they will need to plan ahead to ensure that the Committee has time to cover all of the issues on the annual agenda. In particular, the Audit Committee Chair will:

  ➢ Work with the company secretary to arrange the annual calendar of meetings and agendas well in advance, leaving time for new issues as they arise.

  ➢ Take control of each agenda – set out the essential issues to be discussed and manage any additional agenda items as they arise.

  ➢ Ensure a standard approach to papers, for example, requesting a one-page executive summary and clarity on whether a paper was for ratification or noting.

  ➢ Ensure you leave enough time to discuss the outcome with the Chairman of the Board before the Board meeting.

  ➢ Good time management – ensure that there is adequate time allocated to each topic and if more time is required to consider re-issued, revised versions of papers, postponing the meeting if necessary.

Each of these actions will allow the Audit Committee to operate effectively.

Internal Audit Progress 2022/23: Quarter 3
Analysis of Performance

Time Spent: Audit Plan – Planned Vs Actual

ACTIVITY	ANNUAL ALLOCATION (DAYS)	PROFILE ALLOCATION (DAYS)	ACTUAL TO DATE (DAYS)	VARIATION (DAYS)
Planned Audit Work	341.0	255.8	227.5	+28.3
Other Time				
Sundry audit advice	15.0	11.2	5.9	+5.3
Contingency audit work	25.0	18.7	21.9	-3.2
Contingency non-audit work	10.0	7.5	3.4	+4.1
Other work	15.0	11.2	10.0	+1.2
Principal Internal Auditor non-audit work (incl. NFI)	75.0	56.3	44.2	+12.1
Non-chargeable activities	163.0	122.3	146.5	-24.2
Leave and other absences	136.0	102.0	124.0	-22.0
Total Other Time	439.0	329.2	355.9	-26.7
Total Time	780.0	585.0	583.4	+1.6

Time spent: Assignments Completed – Planned Vs Actual

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)
Financial Strategy, Planning and Budgetary Control	8.0	8.2	-0.2
Council Tax	10.0	7.7	+2.3
National Non-Domestic Rates	10.0	7.8	+2.2
Treasury Management	13.0	15.2	-2.2
Corporate Health and Safety	7.0	7.0	0.0
Community Services	8.0	8.0	0.0
Health and Safety Compliance of Council Buildings	11.0	10.9	+0.1
Bereavement Services	11.0	9.6	+1.4
Electoral Registration	11	11.4	-0.4
Planning Policy	11	8.6	+2.4

Explanation for variances greater than 2 days (unless within 20%):

Council Tax: Assignment more straightforward than envisaged. Well-controlled function. Auditor had previous experience of function.
National Non-Domestic Rates: Assignment more straightforward than envisaged. Well-controlled function. Auditor had previous experience of function.
Planning Policy: Assignment more straightforward than envisaged. Well-controlled function.

Completion of Audit Plan: Target Vs Actual

NO. OF AUDITS PER AUDIT PLAN	PROFILED TARGET COMPLETION		ACTUAL NO. COMPLETED TO DATE		VARIATION	
	%	NO.	NO.	%	NO.	%
35	60.0	21	21*	60.0	0	0.0

*Does not include two 2021/22 ICT reports that have been completed during the current financial year.

Summary of Recommendations and Management Responses from Internal Audit Reports issued Quarter 3, 2022/23

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
Financial Strategy, Planning and Budgetary Control – 28 October 2022				
4.1.2	The 'Managing Your Cost Centre' course should be made mandatory for new budget managers with consideration being given to running this as refresher training for existing budget managers.	Medium	Principal Accountant	A new training programme is to be established to support the use of the new Finance Management System, introduced in Nov 21. This was supported at launch by mandatory training sessions. TID: April 2023
4.1.2	Limits relating to capital expenditure set out in the Code of Financial Practice should be reviewed to ensure that they remain relevant.	Low	Head of Finance	Code of Financial Practice to be reviewed following recent appointment to Head of Finance. TID: April 2023
4.4.1	The Service Area risk registers available on the intranet should be updated annually to ensure they reflect relevant and current risks.	Low	Audit & Risk Manager	Requests to service managers for updated risk registers, which can then be updated on the Intranet. The Finance Risk register is in its final stages of review and will be updated in October. TID: Dec 2022

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[1] Risk Ratings 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.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.5.1	The advice and FAQs on the intranet Finance Services pages should be reviewed and updated.	Low	Strategic Finance Manager/ Strategic Procurement and Creditors Manager	Legacy documents to be removed from Intranet, and relevant pages reviewed and updated as necessary. TID: Dec 2022
4.5.1	To make the budget book readily available for officers to view, the files available on the Finance page should be reviewed and updated.	Low	Strategic Finance Manager	The Budget book is available on the WDC Internet page as it is a statutory requirement to publish. This is typical for external purposes and budget managers are advised to use the Finance Management System to review and manage budgets. Any guidance notes referring to the budget book will be updated as necessary. TID: Dec 2022
4.5.1	The training documents available on the intranet for budget managers should be updated so the guidance can be used with the new finance system.	Medium	Strategic Finance Manager	Legacy documents to be removed from Intranet, and relevant pages reviewed and updated as necessary. Guidance for the new finance system is already available on the Intranet and will continue to be updated as the system evolves. TID: April 2023

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.6.1	The accountancy timetable should be reviewed to ensure it is an adequate control to manage the accountancy tasks and resources available.	Medium	Strategic Finance Manager	Timetable review has commenced and is being updated in line with new deadlines. Resourcing and capacity have been reviewed, with the team fully established following successful recruitment. TID: Dec 2022 and on-going
4.6.2	The budget spreadsheets should be reviewed and updated to ensure that current officers only are listed and that the service areas are in line with upcoming changes to the Council's structure.	Low	Strategic Finance Manager	The team structure is currently being reviewed in line with the recently updated organisational structure, to ensure work is distributed evenly across the team and service managers have a consistent dedicated support resource in accountancy. TID: Dec 2022
Council Tax – 9 December 2022				
No Recommendations arising on this occasion (although one 'advisory' was raised).				
National Non-Domestic Rates – 9 December 2022				
No Recommendations arising on this occasion (although four 'advisories' were raised).				
Treasury Management – 31 December 2022				
4.2.1	It should be ensured that the Counterparty Limits spreadsheet accurately reflects the agreed limits and the 'classification' of the funds invested in.	Low	Principal Accountant	The Counterparty Limits spreadsheet will be updated for inclusion in the Treasury Management Strategy Statement report for 2023/24 currently being drafted. TID: 27/01/23

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.3.1	The Treasury Management Practice documents should be reviewed to ensure that they are complete and up to date.	Low	Principal Accountant	The TMPs will be reviewed as soon as time permits. TID: 31/03/23
Corporate Health and Safety – 31 December 2022				
4.3.1	The health and safety policy statement should be reviewed and updated with current information from the organisational structure agreed on October 2022.	Low	Senior Health and Safety Officer	This was updated in March 2022 and reviewed again following the recent restructure when Corporate internal Health and Safety responsibility was transferred to the Head of Service in the Assets team. An updated copy has been shared. TID: Completed.
4.4.1	The links and information available to staff on the intranet should be reviewed to ensure it is up to date and relevant.	Low	Senior Health and Safety Officer and Facilities Manager	The links are being reviewed and updated or removed as appropriate. TID: April 2023
4.4.1	The health and safety section of the code of conduct should be reviewed to incorporate relevant hybrid health and safety concerns.	Low	Head of People and Communications	The agile working policy is currently being reviewed; once completed and approved the code of conduct will be updated to be brought in line with it. TID: December 2023

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.5.2	Heads of Service should ensure there are ICE lists in place to comply with the lone worker policy.	Low	Senior Health and Safety Officer	Although staff have been advised to do this there seems to be a reluctance with some in providing the information. HR have advised that the request for the information cannot be mandatory so the lone worker policy will be updated to reflect this. TID: March 2023
4.5.2	Line managers should ensure that staff are inputting emergency contact details onto I-Trent	Low	Senior Health and Safety Officer	See above. Further requests to staff will be issued advising them to provide this information. TID: March 2023
4.5.2	All staff issued with a mobile phone should be reminded to update the details on the staff search function in line with the lone worker policy.	Low	Head of Customer and Digital Services	All staff mobile phones are due to be replaced by the end of the next financial year, and as part of that replacement process, records of staff numbers on the intranet will be updated. TID: March 2023
4.5.2	The appendices listed should be included in the Driving for Work policy	Low	Senior Health and Safety Officer	These have now been attached to the policy. TID: Completed.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
Community Services – 12 December 2022				
4.1.1	Staff should be reminded when new fees come into force.	Low	Licensing Team Leader	Email to be sent to Animal Warden and PDK before Xmas shut down listing the new fees. Website will be updated to reflect the changes. TID: January 2023
4.2.2	There should be a procedure in place that allows other officers to check that income and expenditure in respect of dog services are correct.	Low	Licensing Team Leader	'Stray Dog Registration form' to be introduced. Details also to be inputted onto stray dog register. Invoices to WDC will then have unique ref number on them which can be checked against register to ensure correct payment to PDK is made. TID: February 2023
4.2.2	The costs should be updated and reviewed annually to ensure they are in line with the annual fees and charges schedule agreed at committee.	Low	EH and Licensing Manager/HOS	A process is being developed to ensure the Animal Warden and PDK are notified when new fees and charges are agreed. TID: January 2023
4.5.1	The requirements of the lone worker policy should be reviewed to ensure that the Animal Warden is following the guidance issued.	Low	Licensing Team Leader	Animal Warden work mobile telephone number now on Intranet. TID: Completed.
4.6.1	It should be ensured that there are procedures in place so that the function can operate in the absence of the Animal Warden.	Medium	Licensing Team Leader	Animal warden checklist and guidance notes to be updated and copies given to staff that deal with animal warden duties. TID: March 2023

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
Health and Safety Compliance of Council Buildings – 28 November 2022				
4.2.1	Monthly testing should be performed and logged on ActiveH.	Low	Compliance Team Leader / M&E Energy Officer	A compliance report will be run weekly, missing certificates will be followed up and the systems updated as appropriate. TID: Completed.
4.2.1	Shower servicing should be reviewed and carried out at main corporate buildings where facilities are provided and used.	Low	Compliance Team Leader / M&E Energy Officer	A compliance report will be run weekly, missing certificates will be followed up and the systems updated as appropriate. TID: Completed.
4.3.1	Council properties with non-housing tenants should be providing the relevant documentation to comply with legislation such as the Fire safety order 2005.	Low	Senior Building Surveying Project Manager / Compliance Team Leader	There is an identified need to request and review compliance documentation from non-housing/ commercial tenants, although limited resource has only allowed for an intermittent approach to requesting this data and subsequently managing it. It is intended to review this as part of a review of the Neighbourhood and Assets team restructure during 2023. TID: End of July 2023.
Bereavement Services – 10 October 2022				
4.2.1	The crematorium's standard price list should align with the prices quoted on the Council website.	Low	Bereavement Services Development Manager	Agreed. TID: 31 October 2022

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.3.4	Mandatory training should be given to all staff, as outlined in the training matrix.	Moderate	Bereavement Services Development Manager / Bereavement Services Assistant Manager	Timescales for this will vary depending on the individual needs of the member of staff and the availability of courses or internal facilitator. TID: 31 October 2023
4.4.2	Staff should be reminded to check all request forms before a funeral service takes place.	Low	Bereavement Services Development Manager	Agreed. Reminder to be discussed at next staff meeting. TID: 30 November 2022
Electoral Registration – 20 October 2022				
4.2.1	The price charged to the credit reference agencies should be reviewed to ensure that it still meets the costs of providing the copies of the register.	Low	Electoral Services Manager	This can be reviewed during the next electoral canvass. TID: October 2023
4.6.1	An (updated) risk assessment for canvassers should be performed and recorded on AssessNet before the next round of door-to-door canvassing is undertaken.	Medium	Electoral Services Manager	A new risk assessment will be completed for the personal canvassers carrying out the door knocking canvass ahead of the Canvass in 2023. As part this we will explore the potential of the staff alert list as set out within the advisory note. TID: June 2023 (in time for the next Annual Canvass)

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
Planning Policy – 23 December 2022				
4.6.2	The Service Area Lone-Worker Policy should be updated.	Low	Business Manager (Policy & Sites Delivery)	The current lone worker policy remains largely relevant; however, it would benefit from being updated as it was prepared prior to the pandemic, when most staff were office-based for most of the time. TID: 31 March 2023

Current Implementation Position for Recommendations Due for Completion by End of Quarter 3 2022/23

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Leaseholder Service Charges (2021/22 Audit)				
An income recovery process should be established and followed.	**Original:** To create & implement procedure for management and recovery of leaseholder debt. **Update (April 2022):** Awaiting input from legal services regarding recovery options surrounding first tier tribunals for procedure to be written **Update (August 2022):** Still awaiting Legal input into recommended process as this is complex area of Law involving use of Tier 1 Tribunals. Have been promised reply several times and told would have some advice back, but still outstanding **Update (November 2022):** Legal Review has determined that leases need to have clause added to enable Authority to be able to take action to recover costs. Awaiting update from legal in terms of new leases to be used moving forward and what action will be taken to address leases already used that are missing this clause.	31st October 2022 (Previous target dates of March and July 2022)	Yes - 31 January 2023	Following advice from Legal, it has been decided not to pursue this course of action, so I think we are now some way forward at looking at the possibilities, which will most likely be to develop a process whereby we look at the County Court route to obtain a money order to recover debt. We therefore have some basis now to start to try to look at developing a draft procedure, but this will take some weeks to put together.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Housing Investment and Maintenance Programmes (2021/22 Audit)				
A service-specific risk register for Asset Management should be created at the earliest opportunity.	**Original:** Being developed alongside SDC Property Team. **Update:** Following the ending of the merger discussions with SDC this now reverts to an Assets issue although with the addition of Bereavement Services and internal health and safety and proposals to create a wider service with former Neighbourhood Services this is now a wider piece of work and will be completed by end 2022.	31 December 2022 (Previous target date of April 22)	Yes – 31 March 2023	The Facilities Manager is now working on an update to cover the newly formed 'Neighbourhood and Assets' service area. This is due to be completed by the end of March 2023.
Safeguarding Children and Vulnerable Adults				
References to SDC should be removed from the relevant safeguarding policies.	This recommendation was included in the safeguarding action plan.	31 October 2022	No	References to SDC have been removed from the Safeguarding Policy, Information and Procedure documents.
The quarter four referral data for 2021 should be included in the figures.	This recommendation was included in the safeguarding action plan.	31 October 2022	No	The quarter 4 referral data for 2021 has been included in the figures.
The adult referral procedure flowchart should be updated to reflect correct staff titles and contact details.	This recommendation was included in the safeguarding action plan.	31 October 2022	No	The referral procedure flowchart on the intranet has been updated to show the correct information on how to report a concern about a member of staff or Councillor.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Payroll and Staff Expenses				
Salary increments should be reviewed to ensure that these are correct before the payment run in October 2022.	Learning & Development Officer has created a severe diary note for this and will run a salary increment report to ensure they are correct.	October 2022	No	Annual diary note for October increments to ensure they are correctly paid - list reducing year by year as people move on and reach the top of their grade. Monthly reports are now being received from WCC payroll to check increments due the following month. LDO (verbally) confirmed that the check is being undertaken.
Open Spaces				
A review of the new Victoria Park play area should be conducted, to ensure that the equipment is appropriate.	The play area is safe because it received a post installation independent safety inspection and is now on the inspection regime. Agree there is need to evaluate the play area success and failures. Plan to work with the Friends of Victoria Park in getting public feedback.	December 2022	Yes - June 2023	We are currently working with Friends of Victoria Park (FoVP) on drafting a new Victoria Park Survey which is now planned to be undertaken in Spring 2023, with results of the survey, including feedback on the new play area, to be known by June 2023.
An up-to-date water risk assessment should be conducted as soon as possible in conjunction with ROSPA.	Agree - resources allowing.	December 2022	Yes – February 2023	With additional staff resources being available from mid-February 2023 the completion of the water risk assessment will be completed by this revised date.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Bereavement Services				
The crematorium's standard price list should align with the prices quoted on the Council website.	Agreed.	31 October 2022	No	The website now shows the same prices as the agreed price list.
Staff should be reminded to check all request forms before a funeral service takes place.	Agreed. Reminder to be discussed at next staff meeting.	30 November 2022	No	Report findings were discussed at the staff meeting on 5th October.
Sustainability & Delivery Outcomes				
Officers should be made aware of their responsibilities for actions on the Climate Change plans.	Agreed. Officers will be reminded of their responsibilities for the actions on the plan as an early action for the CCPO when he starts on 1st September.	31 October 2022	No	A CCAP update and review is currently being prepared to report to O&S in December 2022. Officer responsibilities will be clarified as part of that update and all officers will be reminded of their responsibilities.
Consideration should be given to including the risk of out-of-date data or data that is not useful on the risk register, with the identification of appropriate controls to manage these risks.	Agreed. The risks identified on the risk register will be reviewed and updated as needed as an early action for the CCPO when he starts on 1st September.	31 October 2022	No	The CCAP is currently being reviewed as part of an update report to the O&S in December 2022. As part of this, the risk register will be reviewed and a new risk relating to out of date data will be added.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
The climate plans that are in place should be reviewed to ensure that actions, aims and target dates are correct and measurable.	Agreed. The climate plans will be reviewed as an early action for the CCPO when he starts on 1st September.	31 October 2022	No	The Climate Change Action Programme is currently being reviewed ahead of a six monthly update to O&S in December. This will ensure actions and target dates are correct.
The list of service areas and/or officers with designated responsibilities on the Climate Change ambitions plans should be reviewed and responsibilities communicated to those services/officers so they are aware of the actions that they are responsible for.	Agreed. Actions will be reviewed and officers will be reminded of their responsibilities as an early action for the CCPO when he starts on 1st September.	31 October 2022	No	As part of this, Heads of Service are being asked to clarify which officers are responsible for each specific action. This will ensure officers are aware of their CCAP responsibilities.
Contract managers should be made aware of their responsibilities when monitoring contracts and should be trained appropriately to have the skills needed to monitor and review KPIs.	Agreed. Contract managers will be reminded of their responsibilities. The procurement process also highlights the need to review and monitor KPIs.	31 December 2022	No	Training has been provided to over 150 members of staff using the Carbon Literacy Course. This has a strong practical focus and provides the opportunity for Contract Managers to learn how to consider carbon impacts and to manage them through their work. Further Carbon Literacy Training is planned from Jan to March 2023. On the back of this further guidance will be provided through the Code of Procurement Practice as a reminder to contract managers.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
CCTV Services				
All staff on the team should be given health and safety, first aid and fire safety training.	Agreed. This recommendation has been added to all CCTV staff PDPs.	4 October 2022	No	All the highlighted courses have been added to the CCTV staffs PDP's. The CCTV Operations Team Leader is looking at different options for getting the staff onto suitable courses working around shift patterns and rostered days off.
An updated list of upgraded equipment should be sent to the Insurance and Risk Officer.	Agreed. COTL to check and confirm the most recent asset list and get costings for the items. COTL to discuss this with insurance team.	30 November 2022	A new date of 16 December 2022 was suggested and complied with. This date fell within the same reporting window as the original date.	CCTV inventory compiled and sent to Risk & Insurance Officer on 13 December 2022.
Homelessness and Housing Advice				
The links provided in the directory should be reviewed to ensure that they are still active.	**Original:** The links provided in the directory will be reviewed to ensure that they are still active. **Update:** Partially completed - target date amended to 30/10/22.	30 October 2022 (Previous target date of 29 July 2022)	No	This is now completed.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
The staff turnover should be monitored and reviewed to see how the change in salary has impacted it.	**Original:** The uplift in salary for the Homeless Officers has enabled us to recruit to two posts which had been long term vacancies. The service will continue to keep this in review. **Update:** Awaiting details of staffing update.	30 October 2022 (Previous target date of 29 July 2022)	No	Staff turnover is still high and the change in salary has not helped. Between 1st May 2022 and 30th October 2022 we have employed 9 staff (three Fixed Term Contracts and six temp/agency staff) and five staff have left WDC (four temp/agency staff and one Fixed Term Contract). In light of the continued difficulties recruiting and retaining staff the service is going to be redesigned. This now completed.
Sundry Debtors				
Staff should be reminded to promptly issue one-off invoices and reminder letters.	PAPT issue reminder letters for all debts which are run twice a week. Users are only responsible for issuing one-off invoices, which should be done promptly. A reminder will be issued to staff ASAP. This will also be included as a yearly Intranet reminder as part of the year end process. The Debtor Intranet page contains information on how to raise invoices prior to services being delivered. However, some information/FAQs on the intranet page are showing as old Total processes which will need updating.	30 November 2022	A new date of 16 December 2022 was suggested and complied with. This date fell within the same reporting window as the original date.	E-mail reminder issued to all users on 06/01/2023 and calendar note set to issue a reminder e-mail yearly in January. All Total information on the Debtors page has been updated to CIAnywhere information.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Staff should be reminded to check that invoices are in line with the correct charges before being issued.	Reminder to staff to be written up and issued ASAP. A yearly reminder will be included within year end guidance and on annual Intranet posts. Debtor Intranet page to be updated.	30 November 2022	A new date of 16 December 2022 was suggested and complied with. This date fell within the same reporting window as the original date.	E-mail reminder issued to all users on 06/01/2023 and calendar note set to issue a reminder e-mail yearly in January. All Total information on the Debtors page has been updated to CIAnywhere information.
Community Services				
The requirements of the lone worker policy should be reviewed to ensure that the Animal Warden is following the guidance issued.	The requirements of the lone worker policy should be reviewed to ensure that the Animal Warden is following the guidance issued.	Completed at the time of final report issue.		
Financial Strategy, Planning and Budgetary Control				
To make the budget book readily available for officers to view, the files available on the Finance page should be reviewed and updated.	The Budget book is available on the WDC Internet page as it is a statutory requirement to publish. This is typical for external purposes and budget managers are advised to use the Finance Management System to review and manage budgets. Any guidance notes referring to the budget book will be updated as necessary.	December 2022.	No	Budget Book for 2022/23 is currently available on the intranet. The Budget book for 2023/24 is currently being prepared and once approved at Council, will be available on the intranet for 1st April 2023.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
The advice and FAQs on the intranet Finance Services pages should be reviewed and updated.	Legacy documents to be removed from Intranet, and relevant pages reviewed and updated as necessary.	December 2022.	Yes – February 2023	The Procurement and Purchasing and Payments sites have been updated ready for the migration to the new intranet. The Accountancy intranet site is under review and will be updated to remove all documents relating to the TOTAL system, and updating the team structure. Expected completion by end of February 2023
The accountancy timetable should be reviewed to ensure it is an adequate control to manage the accountancy tasks and resources available.	Timetable review has commenced and is being updated in line with new deadlines. Resourcing and capacity have been reviewed, with the team fully established following successful recruitment.	December 22 and on going	No	Timetable has been reviewed and is consistently updated with tasks and any updates to meetings. 2023/24 timetable is currently being finalised and will be published before April 2023.
The budget spreadsheets should be reviewed and updated to ensure that current officers only are listed and that the service areas are in line with upcoming changes to the Councils structure.	The team structure is currently being reviewed in line with the recently updated organisational structure, to ensure work is distributed evenly across the team and service managers have a consistent dedicated support resource in accountancy.	December 2022.	No	Team Structure has been completed and linked with the Organisational structure to ensure workload is evenly distributed and skills / knowledge utilised. The Accountancy team is working together to support Business areas and Accountancy Team members on new areas of support. This was implemented in Early December 2022.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Requests to service managers for updated risk registers, which can then be updated on the Intranet. The Finance Risk register is in its final stages of review and will be updated in October.	Requests to service managers for updated risk registers, which can then be updated on the Intranet. The Finance Risk register is in its final stages of review and will be updated in October.	December 2022.	No	The service-related risk registers are now incorporated into the Service Area Plans. A link to the SharePoint directory where these SPAs are held is now included on the Risk Management and Risk Registers pages of the intranet. The Finance Risk Register has recently undergone a thorough review by the Finance Management team.

Title: Annual Governance Statement 2021/22 Action Plan: Review of Progress
Lead Officer: Richard Barr
Portfolio Holder: Councillors Day and Hales
Wards of the District directly affected: None directly impacted

Approvals required	Date	Name
Portfolio Holder	08/02/23	Councillors Day and Hales
Finance	02/02/23	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	02/02/23	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	02/02/23	Andrew Rollins
Section 151 Officer	02/02/23	Andrew Rollins
Monitoring Officer	02/02/23	Andrew Jones
Leadership Co-ordination Group	02/02/23	Various

Final decision by this Committee or rec to another Cttee / Council?	~~Yes~~/ No Recommendation to: Cabinet / Council ……………………. Committee
Contrary to Policy / Budget framework?	No/~~Yes~~
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No/~~Yes~~, Paragraphs:
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No/~~Yes~~, Forward Plan item – scheduled for ………… (date)
Accessibility Checked?	Yes/~~No~~

Summary

The purpose of this report is for Committee to review the progress that is being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2021/22. The appendix accompanying this report details the progress in addressing the Significant Governance Issues.

Recommendation

That Committee should review the Action Plan set out in the Appendix and confirm whether it is satisfied with the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2021/22.

1   Reason for the Recommendations

1.1   The recommendation will help fulfil Members' responsibility for effective corporate governance within the Council and provide assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement are being addressed.

2   Background/Information

2.1   Corporate Governance in Local Authorities

2.1.1   CIPFA/SOLACE emphasise that corporate governance is everyone's business and define it as:

> *"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities."* CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

2.1.2   CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. The framework is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the framework are:

➢   a clear definition of the body's purpose and focusing on the outcomes for the community and creating and implementing a vision for the local area;

➢   members and officers are working together to achieve a common purpose with clearly defined functions and roles;

➢   promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

➢   taking informed and transparent decisions which are subject to effective scrutiny and managing risk;

➢   developing the capacity and capability of members and officers to be effective;

> ➤ engaging with local people and other stakeholders to ensure robust public accountability.

Both the Annual Governance Statement and the Council's Code of Corporate Governance reflect these six themes.

2.2 **Annual Governance Statement**

2.2.1 The production of an Annual Governance Statement is a statutory requirement for local authorities (Regulation 6 of The Accounts and Audit (England) Regulations 2015).

2.2.2 The CIPFA Financial Advisory Network has published an advisory document entitled "The Annual Governance Statement: Rough Guide for Practitioners". Its advice is that the Annual Governance Statement is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is buy-in at the top level of the organisation. It advises that the work associated with its production should not be delegated to a single officer.

2.2.3 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it accurately reflects the governance framework for which they are responsible. To achieve this they will rely on many sources of assurance, such as that from:

- Members of the Council
- Deputy Chief Executives and Service Area Managers
- the Responsible Financial Officer
- the Monitoring Officer
- the Audit and Risk Manager
- performance and risk management systems
- third parties, e.g. partnerships
- external audit and other review agencies.

2.3 **The Significant Governance Issues**

2.3.1 The governance issues facing the Council have been identified from production of the statutory Annual Governance Statement and are summarised in the Action Plan element of the Annual Governance Statement for 2021/22.

2.3.2 The appendix accompanying this report sets out the progress in addressing those issues. Progress is reported by the officers leading on them and has been endorsed by SLT at a recent meeting.

3 Alternative Options

3.1 The report is not based on 'project appraisal' so this section is not applicable.

4 Legal Implications

4.1 Include a summary of the legal or human rights implications of the proposal.

Not applicable.

5   Financial Implications

5.1   Include a summary of the financial implications of the proposal.

Not applicable

6   Business Strategy

6.1   Warwick District Council has adopted a Business Strategy which sets out key areas for service delivery. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

6.1.1   **External Impacts**

People - Health, Homes, Communities
Services - Green, Clean, Safe
Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, corporate governance will be a major factor in shaping the Policy Framework and Council policies.

6.1.2   **Internal Impacts**

People - **Effective Staff**
Services - Maintain or Improve Services
Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, corporate governance will be a major factor in shaping the Policy Framework and Council policies.

7   Environmental/Climate Change Implications

7.1   Effective corporate governance can assist the Council achieve its environmental and climate emergency objectives.

8   Analysis of the Effects on Equality

8.1   Effective corporate governance can help the Council achieve its equality obligations.

9   Data Protection

9.1   Effective corporate governance can help the Council achieve its data protection objectives.

10   Health and Wellbeing

10.1   Effective corporate governance can help the Council achieve its health and wellbeing objectives.

11   Risk Assessment

11.1   The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

12   Consultation

12.1   Please refer to 'header page' of this report.

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

Minutes of Joint Management Team and Senior Leadership Team.

WDC Annual Governance Statement 2021/22: Action Plan for Governance Issues

Review of Progress

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	**Position as at mid-January 2023**
7.1	Performance management continues to be an issue, in particular the range and content of performance data that councillors receive. When resolved, Councillors will need to be trained to enable them to access the information and scrutinise it effectively.	Senior Leadership Team	**End-July 2022:** Cabinet has agreed the Council's Service Area Plans including the suite of measures for each Service Area. Officers are now working on making the measures accessible to Councillors so the measures can be interrogated on a rolling basis. Target for completion of this work is 1 September 2022. **End-October 2022:** These are now available via *Sharepoint* for all Councillors who have been briefed on how to access them. There is also a training session for Councillors on these which they have been invited to on 7 November 2022. In addition to this, the Performance Management Officer is now liaising with Heads of Services on migrating Service Area Risk Registers into the same documents to enable Members to have easier access to these as well.	The risk registers are now available for Councillors to inspect in the single document and should be being reviewed by the relevant Head of Service at least quarterly.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	**Position as at mid-January 2023**
7.2	The new Overview & Scrutiny and Audit & Standards Committees will present challenges in terms of clarity of role. Councillors will need to be trained on the operation of the new Overview & Scrutiny and Audit & Standards Committees to enable them to participate more confidently.	Senior Leadership Team	**End-July 2022:** Training has been arranged for 3 August 2022 for the Audit & Standards Committee on the role of the Audit Committee. The Overview & Scrutiny Committee have also been invited to attend. Civic & Committee Services are in the process of organising training for the Members of Overview & Scrutiny Committee on financial/budget and performance training which once agreed Audit & Standards members will also be invited to attend. In respect of remit it is early days for the new Committees and this will be discussed with the relevant Chairs before each meeting. **End-October 2022:** Training has taken place for Councillors of both these Committees in relevant areas and positive feedback has been received. There will need to be a continued theme of briefing Audit & Standards Members in respect of new aspects along with detailed Treasury Management training. However, the focus on this aspect will be very much after elections in May 2023.	The training plan for post-election is being developed around core themes and responsibilities of Councillors. There will be a report on this to the Audit & Standards Committee in February.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	**Position as at mid-January 2023**
7.3	Staff morale has been impacted adversely as a result of the merger process. A strategy to improve staff morale is required.	Senior Leadership Team	**End-July 2022:** Cabinet has approved "Applause" which seeks to help address staff morale through several personal, professional and health initiatives. More broadly, the Senior Leadership Team is working on policies in respect of recruitment, retention, and reward. This is an ongoing piece of work. **End-October 2022:** ➢ The positive feedback from the 'Applause' scheme launched August 2022 has considerably impacted on staff morale by including the range of support and recognition including monetary, health, team 'get-togethers', 'refer a friend' for recruitment and voluntary days off. It is important to recognise that this was not planned as a 'one-off' initiative and the benefits are being realised on an ongoing basis with regular updates through engagement and communication. ➢ An externally assessed 'staff survey' and facilitated face to face sessions linked to the 'Thrive award' was launched the beginning of October in conjunction with Unison. Further analysis is expected in December to inform further actions to support the health and well-being of staff. (Continued overleaf)	- The impact of the Applause initiative launched in Aug 2022 continues to resonate across the Council with over 60 staff to date who have received the 'Health Check' which which includes mental well-being, menopause, diet and any other areas of support requested. - There have been many examples of staff using the 'team gettogether funding' for Christmas and other meetings. - We are pleased to announce the achievement of the Bronze award for 'Thrive'. This accreditation has included considerable evidence based qualitative and quantitative information as well as face to face meetings and a staff survey which has been promoted in conjunction with Unison. The awards ceremony in November included an acceptance speech from Cllr Jody Tracey, Chris Elliott, Chief Executive, and key members of the team who co-ordinated the award including a special mention to Karen Weatherburn, Learning & Development Officer. Further analysis on the report is planned for Jan 2023.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	**Position as at mid-January 2023**
7.3 (Cont.)	Staff morale has been impacted adversely as a result of the merger process. A strategy to improve staff morale is required. (Cont.)	Senior Leadership Team	➢ Targeted 'awareness' campaigns continue to inform and engage managers and staff. October links to the education and support linking with Unison on the 'Menopause', from all aspects and different perspectives. A report for Employment Committee 29.11.22 will include positive updates on the WDC Apprenticeship scheme and further plans to 'grow our own'.	- An update was provided to the last PAB on the area of Health & Well-being and the progress within the organisation to support this key area. The Well-being of our staff is an ongoing priority with emphasis on blended support through training, briefings and other sources. - Dedicated intranet pages to health and well-being for resources and signposting as well as regular reminders of what help is available recently updated to include support for the Menopause based on our awareness session in October Manager's Forum - Communications continues to be a key area to support our staff with the weekly '5 things' e-mail some examples include: - Black History Month - Updates on our Portfolio Holders - Cost of living support - Thrive Survey - An Action for Happiness calendar to support Health and Wellbeing. Our Staff Voice group continues to monitor and review the internal projects, providing regular feedback to the Transformation Steering Group.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	**Position as at mid-January 2023**
7.3 (Cont.)	Staff morale has been impacted adversely as a result of the merger process. A strategy to improve staff morale is required. (Cont.)	Senior Leadership Team		The Apprenticeship update to Employment Committee 29.11.22 details: - Funded opportunities for 23 apprenticeships - To date 10 have secured alternative employment with the Council – this includes five in the last year - 5 are still undertaking their apprenticeships - 8 successfully completed their apprenticeships and left for other opportunities - we are in the process of recruiting 5 more apprentices.

Title: Training Programme for Councillors
Lead Officer: Graham Leach Democratic Services Manager & Deputy
Monitoring Officer.
Portfolio Holder: Councillor Day
Wards of the District directly affected: None

Approvals required	Date	Name
Portfolio Holder	13/2/23	Andrew Day
Finance	13/2/23	Lorraine Henson
Legal Services		
Chief Executive	13/2/23	Chris Elliott
Programme Director for Climate Change	13/2/23	Dave Barber
Head of Service(s)	13/2/23	Andrew Jones
Section 151 Officer	13/2/23	Andrew Rollins
Monitoring Officer	13/2/23	Andrew Jones
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	No recommendation to Council 27 February 2023	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

The report brings forward proposals for endorsement by Council in February 2023 in respect of training for all Councillors.

Recommendation(s)

(1)   That the Committee recommends to Council that all Councillors must attend mandatory training in respect of the Code of Conduct, Finance, Safeguarding, Equality, Diversity & Inclusion and Information Governance.

(2)   That the Committee highlights to Council the provision within the Code of Conduct in respect of training and the failure to attend mandatory training would be considered as a breach of the Code.

(3)   That training attendance and committee attendance records for all Councillors are reported to Group Leaders on a quarterly and to this Committee annually, and that these will be publicly available on the Council's website.

(4)   That the Audit & Standards Committee supports the following and recommends to Council that it:

(a) endorses the agreement of Group Leaders in respect of behaviour of Group Members as set out at Appendix 1 to the report;

(b) confirms the expectation that all Group Leaders after the election sign up to this protocol; and

(c) supports the Audit & Standards Committee being notified at its first meeting of the new Municipal year if Group Leaders have or have not signed up to the protocol.

(5)   The Committee notes the outline of the training to be provided to Councillors after the election in May 2023 and the wider aims of training for the first year as set out at Appendix 2.

(6)   The Committee recommends to Council that the Monitoring Officer be delegated authority, in consultation with Group Leaders and Chair of the Council, to set any further courses over the next four years as mandatory attendance, where it is considered appropriate.

1   Reasons for the Recommendation

1.1   It is recognised that in both 2015 and 2019 District Elections, over half of the Councillors returned by the electorate were new to both the Council and role of a Councillor. Training and development of the new Council, including those returning to the Council, presents a significant challenge to ensure the Council can operate effectively and provide the necessary strategic direction.

1.2   While attendance at training has been reasonably good, it is considered that some areas should be mandatory for Councillors to attend due to them providing core skills and awareness of their roles and responsibilities. This was supported by the Strategic PAB who identified that the Code of Conduct, Information Governance, Safeguarding and basic training on the Council finances should be mandatory for all Councillors. The Safeguarding training was also recommended by the Children's Champions of the Council. The finance training has also been raised as an area of concern by the Overview & Scrutiny Committee, Audit & Standards Committee, Monitoring officer and Section 151 Officer. Information Governance is considered Mandatory due to the significant

sanctions that can be imposed on the Council and that it provides a building block to good governance and work with the community.

1.3   After discussions with Group Leaders, the Leader has also included Equality Diversity & Inclusion training as mandatory for Councillors. Overall making equality, diversity, and inclusion training mandatory for councillors is essential for promoting cultural competence, addressing systemic inequalities, and fostering a more inclusive and equitable society. This will:

- By undergoing equality, diversity, and inclusion training, councillors can develop a greater appreciation and understanding of the diverse communities they serve.
- Councillors play a critical role in addressing systemic inequalities and promoting social justice. By making equality, diversity, and inclusion training mandatory, our council can ensure that all members are equipped with the knowledge and skills needed to address these issues effectively.
- By promoting equality, diversity, and inclusion, councillors can build more trust with the communities they serve and demonstrate their commitment to serving all members of their communities fairly and equitably.
- By having a better understanding of diversity and inclusion, councillors can make more informed decisions that take into account the needs and perspectives of all members of their communities.
- By promoting equality, diversity, and inclusion, making this training mandatory can enhance WDC reputation and demonstrate our commitment to serving members of all communities equitably and fairly.

1.4   There will also be the usual required training for Licensing & Regulatory and Planning Committee members ahead of them determining applications. Training will also be provided on recruitment and selection (for Employment Committee members) as necessary before they consider any relevant cases.

1.5   The Strategy PAB recognized that previously, some allowance had been made in respect of mandatory training. However, they are now of the view that these areas are so important, no allowance should be made for any Councillor not to attend. They are also of the opinion that sanctions should be applied if Councillors do not engage with these sessions.

1.6   The Code of Conduct, adopted by this Council reads as follows:

"8. Complying with the Code of Conduct
As a Councillor:
I undertake Code of Conduct training provided by my local
authority.
"It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance."

1.7   The guidance associated with the Code goes on to say
"8.1 I undertake Code of Conduct training provided by my local authority.
Councillors should be competent for the work they undertake, and this includes the way in which you conduct yourself when carrying out your role as a councillor. Training helps to develop such competence, ensuring that you understand the Code of Conduct and how it applies to you.
As a councillor you are responsible for your own actions and will be held personally responsible if you breach your local authority's Code of Conduct. Therefore, it is essential that, where you are offered the opportunity by your

local authority, you equip yourself with sufficient knowledge of the code to ensure that you comply with it at all times."

1.8   While this appears to focus on the Code of Conduct, the opening statement is about being competent for the work. It can also be considered that failure to engage in training the Council has said is mandatory can be considered as bringing the Council into disrepute.

1.9   It is recognised that the sanctions available under the Code of Conduct are limited and therefore work has been undertaken with Group Leaders, for them to make a commitment to taking action through their political group procedures if Councillors within their Group are not meeting the expected standards in respect of training or the Code of Conduct.

1.10   The initial training programme is set out within the report, at Appendix 2, with further dates highlighted as "keep free training". The overall plan is that the initial and mandatory training will be in person, allowing for new Councillors to be set up with IT, followed by more general training to be held online and recorded, so the Members can access it at a later date if they wish to review the course. In addition to this, there will be online courses available to Members, including those provided by the LGA.

1.11   The Committee should note the proposal from the Strategy PAB for a training session on Saturday 13 May 2023 (which would be mandatory), of Safeguarding and Information governance. The view of the Strategy PAB was that to provide this at an early stage starting at 10am, with lunch provided, and finishing by no later than 3.30pm, provided an opportunity for socializing for Councillors, and removed the need for two evening sessions of training.

1.12   There are areas of training which need to be built into the plan, for example, the role and importance of the Audit & Standards Committee. In respect of understanding but also promotion of these core values of good governance. In this instance, it is likely to be with an informal discussion ahead of their first meeting with the meeting starting later to allow for this. Then with more detailed training throughout the year.

1.13   The Committee should also be aware that the Chief Executive will be holding one last event on 11 April 2023 for all Candidates on the role of a Councillor and the challenges faced. As this is online and after the close of nominations, this should see significant attendance. Once nominations have closed, all candidates will also be provided the Calendar of meetings and the outline training programme. This will (if agreed by the Committee) also set out the expectations in respect of mandatory training.

2   Alternative Options

2.1   The Committee could choose not to support mandatory training and / or propose further areas which should be compulsory training for Councillors. If Members were minded to add further training areas to be mandatory, caution needs to be exercised in respect of making too many courses mandatory as this then loses its impact. Reflecting on the 2019 post-elections training schedule, officers feel that maybe there were too many mandatory training sessions, which put a lot of pressure on Councillors, especially those new to the Council, who were on a steep learning curve and having to adjust to a large number of evening meetings and training sessions. As a result, the proposed training plan is trying to strike a balance between Members' need for training, but also making it achievable and boosting attendance.

3 Legal Implications

3.1 There are no legal implications of the report over there could be significant consequences and challenges for the Council if Councillors do not receive appropriate training.

4 Financial

4.1 An annual budget is provided for Member training. While this is limited for the first year of the new Council, this has been increased to allow for greater demand in year 1.

5 Business Strategy

5.1 Warwick District Council has adopted a Business Strategy which sets out key areas for service delivery. The closest aspect of this strategy is about Effective Staff and ensuring that Councillors have the appropriate knowledge and skills to undertake their role and make informed decisions.

6 Environmental/Climate Change Implications

6.1 There are no direct implications or environmental impact of the proposal.

7 Analysis of the effects on Equality

7.1 There may be an impact for individuals with some protected characteristics and these will be looked at with individuals and their Group Leader once the elections have taken place.

8 Data Protection

8.1 The information being proposed within the report is about publishing training and attendance records of Councillors. In respect of attendance at meetings, this is a matter for public records therefore there are no issues considered. In respect of training, this has not been public so far, but it is considered if this was asked for the public interest would be served in making it available and therefore equivalent to publishing online. The only exemption may be (in both instances) where a Councillor cannot attend for a long period due to personal circumstances. If this was the case, a discussion would be held with the specific Councillor and their Group Leader.

9 Health and Wellbeing

9.1 There are no significant health and wellbeing implications of the proposal, and the proposed plan of training seeks to minimise training demands on Councillors between election and the end of July.

10 Risk Assessment

10.1 As outlined within the alternative options, there is a risk that by specifying too many training sessions as mandatory that Members may not engage.

11 Consultation

11.1 The Strategic Programme Advisory Board have considered, developed, and support the proposals within the report.

Background papers:

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

Supporting documents:

This is not a legal requirement but may assist others in identifying documents you have referred to in producing the report.

Agreement between Group Leaders in respect of adherence to the Code of Conduct

As Group Leaders within Warwick District Council, that if a Member of our respective Group fails to undertake the mandatory training as prescribed by this Council or is found to breach the Code of Conduct adopted by this Council, I commit to taking all reasonable steps within the rules of my political party to take disciplinary action against that Councillor including, if appropriate, having them removed from the Group.

Signed

Date

Calendar of Meetings 2023/2024 (including training)
All meetings start at 6.00pm unless stated otherwise

		May 2023			June 2023			July 2023
1	M	Bank Holiday	1	Th	Mop up planning training 1/2	1	S	
2	Tu		2	F		2	S	
3	W		3	S		3	M	Group
4	Th	*Elections*	4	S		4	Tu	O&S
5	F	*Elections*	5	M	SLT to meet Members, 3 min presentation each Group	5	W	Cabinet
6	S	**Coronation**	6	Tu	Finance - training	6	Th	
7	S		7	W	Cabinet - training	7	F	
8	M	**Bank Holiday**	8	Th	Licensing Panel B* Mop up planning training 2/2	8	S	
9	Tu	Welcome to Council 6pm – SLT to attend Council Structure / Roles and Responsibilities (1/2)	9	F		9	S	
10	W	Code of Conduct Training (pm)	10	S		10	M	
11	Th		11	S		11	Tu	Licensing Panel E* Planning training
12	F		12	M	Code of Conduct Training (pm)	12	W	
13	S	**Training day Safeguarding & IG**	13	Tu	Audit & Standards	13	Th	CAF**
14	S		14	W	Overview of service areas and key strategic projects	14	F	
15	M	Licensing Committee Training (daytime) Council Structure / Roles and Responsibilities (2/2) Group	15	Th	Licensing Panel C* CAF**	15	S	*Planning Site Visits*
16	Tu	Planning committee training (PM) 1/2	16	F		16	S	
17	W	*6.30pm Annual Council L&R Committee*	17	S	Planning Site Visits	17	M	
18	Th	CAF**	18	S		18	Tu	Planning
19	F		19	M		19	W	Reserve Planning
20	S	*Planning Site Visits*	20	Tu	Planning	20	Th	O&S
21	S		21	W	Reserve Planning	21	F	
22	M	Planning Committee Training (PM) 2/2	22	Th		22	S	
23	Tu	Planning	23	F		23	S	
24	W	L&R Committee Training (daytime) Reserve Planning	24	S		24	M	L&R Committee *** Group
25	Th		25	S		25	Tu	Licensing Panel A*
26	F		26	M	MTU****	26	W	Council
27	S		27	Tu	Employment	27	Th	
28	S		28	W	Local government finance & the WDC budgets (General and HRA) – Andrew Rollins and Team	28	F	
29	M	Bank Holiday	29	Th	Licensing Panel D*	29	S	
30	Tu	Licensing Panel A*	30	F		30	S	
31	W	Scrutiny training				31	M	

		August 2023			September 2023			October 2023
1	Tu	Keep free for training	1	F		1	S	
2	W		2	S		2	M	Keep free for training- Carbon literacy
3	Th		3	S		3	Tu	Keep free for training- Carbon literacy O&S
4	F		4	M	MTU****	4	W	Keep free for training- Carbon literacy
5	S		5	Tu	Employment	5	Th	CAF** Keep free for training - Carbon literacy
6	S		6	W	Planning Committee Training (PM)	6	F	
7	M	Group	7	Th	CAF**	7	S	Planning Site Visits
8	Tu	O&S	8	F		8	S	
9	W	Cabinet	9	S	Planning Site Visits	9	M	
10	Th	CAF**	10	S		10	Tu	Planning Committee
11	F		11	M		11	W	Reserve Planning Committee
12	S	Planning Site Visits	12	Tu	Planning	12	Th	Licensing Panel A*
13	S		13	W	Reserve Planning	13	F	
14	M		14	Th	Licensing Panel D*	14	S	
15	Tu	Planning	15	F		15	S	
16	W	Reserve Planning	16	S		16	M	L&R Committee*** Group
17	Th	Licensing Panel B*	17	S		17	Tu	
18	F		18	M	Group	18	W	Council
19	S		19	Tu	O&S	19	Th	
20	S		20	W	Cabinet	20	F	
21	M		21	Th		21	S	
22	Tu		22	F		22	S	
23	W	Keep free for training	23	S		23	M	
24	Th		24	S		24	Tu	
25	F		25	M	Audit & Standards	25	W	Licensing PSPO training
26	S		26	T	Councillors' role in procurement and new procurement regulations – Becky Reading	26	Th	
27	S		27	W	Licensing Panel E*	27	F	
28	M	Bank Holiday	28	Th		28	S	
29	Tu		29	F		29	S	
30	W		30	S		30	M	Group
31	Th	Licensing Panel C*				31	Tu	O&S

November 2023			December 2023			January 2024		
1	W	Fees and Charges Review Group	1	F		1	M	*Bank Holiday*
2	Th	CAF** Cabinet	2	S		2	Tu	
3	F		3	S		3	W	
4	S	Planning Site Visits	4	M	Group	4	Th	
5	S		5	Tu	O&S	5	F	
6	M		6	W	Cabinet	6	S	
7	Tu	Planning	7	Th	CAF**	7	S	
8	W	Reserve Planning	8	F		8	M	Group
9	Th		9	S	Planning Site Visits	9	Tu	Keep free for training
10	F		10	S		10	W	Council
11	S		11	M	Keep free for training	11	Th	Licensing Panel E* CAF**
12	S		12	Tu	Planning	12	F	
13	M	Group	13	W	Reserve Planning	13	S	Planning Site Visit
14	Tu	Licensing Panel B* Keep free for training	14	Th	Licensing Panel D*	14	S	
15	W	Council	15	F		15	M	Keep free for training
16	Th		16	S		16	Tu	Licensing Panel A* Planning
17	F		17	S		17	W	Reserve Planning
18	S		18	M	Keep free for training	18	Th	
19	S		19	Tu	Audit & Standards	19	F	
20	M	MTU***	20	W		20	S	
21	Tu	Employment	21	Th		21	S	
22	W	Planning Committee Training (PM)	22	F		22	M	
23	Th		23	S		23	Tu	O&S
24	F		24	S		24	W	Keep free for training
25	S		25	M	*Christmas Day*	25	Th	
26	S		26	Tu	*Boxing Day*	26	F	
27	M		27	W	*Bank Holiday*	27	S	
28	Tu	Licensing Panel C*	28	Th	*Keep free*	28	S	
29	W		29	F	*Keep free*	29	M	
30	Th		30	S		30	Tu	
			31	S		31	W	

February 2024			March 2024			April 2024		
1	Th	Licensing Panel B*	1	F		1	M	*Easter Monday*
2	F		2	S		2	Tu	Licensing Panel A*
3	S		3	S		3	W	
4	S		4	M	Group	4	Th	Keep free for training
5	M	Budget briefing then Group	5	Tu	O&S	5	F	
6	Tu	O&S	6	W	Cabinet	6	S	
7	W	Budget Review Group	7	Th	CAF**	7	S	
8	Th	CAF** Cabinet	8	F		8	M	Group
9	F		9	S	Planning site visits	9	Tu	O&S
10	S	Planning Site Visit	10	S		10	W	Licensing Panel B* Cabinet
11	S		11	M	L&R Committee***	11	Th	CAF**
12	M	Keep free for training	12	Tu	Planning	12	F	
13	Tu	Planning	13	W	Reserve Planning Licensing Panel E*	13	S	Planning Site Visits
14	W	Reserve Planning Licensing Panel C*	14	Th		14	S	
15	Th		15	F		15	M	Group
16	F		16	S		16	Tu	Planning Committee
17	S		17	S		17	W	Council
18	S		18	M	MTU**** Group	18	Th	Reserve Planning
19	M	L&R Committee*** Group	19	Tu	Employment	19	F	
20	Tu	Keep free for training	20	W	Council	20	S	
21	W	Council	21	Th		21	S	
22	Th		22	F		22	M	
23	F		23	S		23	Tu	**Postal vote opening – Chamber not available**
24	S		24	S		24	W	**As Above**
25	S		25	M		25	Th	**As Above**
26	M		26	Tu	O&S	26	F	**As Above**
27	Tu	Audit & Standards	27	W	Planning Committee Training (PM)	27	S	
28	We		28	Th		28	S	
29	Th	Licensing Panel D*	29	F	*Good Friday*	29	M	**As 23 April**
			30	S		30	Tu	**As 23 April**
			31	S	*Easter Sunday*			

May 2024		
1	W	**As 23 April**
2	Th	***PCC Elections***
3	F	***Elections- keep free***
4	S	
5	S	
6	M	*Bank Holiday*
7	Tu	
8	W	Keep free for training
9	Th	
10	F	
11	S	
12	S	
13	M	Group
14	Tu	
15	W	6.30pm Annual Council
16	Th	
17	F	
18	S	
19	S	
20	M	
21	Tu	
22	W	Keep free for training
23	Th	
24	F	
25	S	
26	S	
27	M	*Bank Holiday*
28	Tu	
29	W	
30	Th	
31	F	

WDC
All meetings start at 6.00pm unless stated
*= Start time of 10.00am,
**= Start time of 2.30pm
***= Start time 4.30pm
****= Start time 3.30pm
yellow shade training day

Additional Areas to be covered within year 1 with date TBC
Health & Safety for Councillors (including personal Safety)
Equality Diversity & Inclusion
Handling the media including Social Media
Recruitment & Selection
Chairmanship of meetings (externally sourced)
Major Emergency Plan

Title: Returning Officer & Delegations
Lead Officer: Graham Leach, Democratic Services Manager & Deputy
Monitoring Officer, Telephone 01926 456114 or email
graham.leach@warwickdc.gov.uk
Portfolio Holder: Councillor Day
Wards of the District directly affected: None

Approvals required	Date	Name
Portfolio Holder	10/2/23	Day
Finance	13/2/23	Lorraine Henson
Legal Services		
Chief Executive	10/2/23	Chris Elliott
Director of Climate Change	13/2/23	Dave Barber
Head of Service(s)		
Section 151 Officer	13/2/23	Andrew Rollins
Monitoring Officer	10/2/23	Andrew Jones
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

The report seeks a recommendation to Council on 27 February 2023 in respect of delegations to the Electoral Registration Officer and Returning Officer for the Council.

Recommendation(s)

The Audit & Standards Committee recommends to Council that it confirms the Head of Paid Service (Chief Executive) as Returning Officer and Electoral Registration Officer and any other electoral officer related roles, to include keeping Polling Districts and Polling Places under regular review and amending any such arrangements where there is an operational need, prior to the next compulsory review of Polling Places and Polling Districts and updates Article 12 of the Constitution to reflect this.

1 Reasons for the Recommendation

1.1 As part of the preparations for the Council Elections in May 2023, the Electoral Services Manager identified within the Constitution there is no specific reference to the Head of Paid Service (Chief Executive) being the Council's Returning Officer and Electoral Registration Officer or providing them delegated authority to move polling places (the legal definition of the place where a polling station is located).

1.2 While this is implied within the role and contract of the Head of Paid Service it is advisable for this to be defined within the Constitution for public record.

1.3 In respect of the delegation for moving polling places this is considered a practicable step for allowing changes in between formal reviews, for places which may become either no longer available or temporarily not available shortly before an election.

2 Alternative Options

2.1 The Committee could choose not to provide this clarification within the Constitution however it is recommended best practice.

2.2 In respect of moving polling station, this could technically require this Committee and then Council to meet at very short notice to move a polling station. This is not considered a practicable approach close to elections and in practice has not been operated at the Council for over 30 years.

3 Legal Implications

3.1 The failure to have specific recognition in place could lead to legal challenges to the outcome of elections which would be both costly and time consuming for the Council.

4 Financial

4.1 The report does not directly impact on the budgetary framework or budget of the Council.

5 Business Strategy

5.1 Warwick District Council has adopted a Business Strategy which sets out key areas for service delivery. For this report the relevant aspect is Effective Staff, in ensuring the ERO has the appropriate delegations in place to deliver

elections.

6   Environmental/Climate Change Implications

6.1   There are no direct implications of report for the Council's policies and Climate Emergency Action Plan.

7   Analysis of the effects on Equality

7.1   The report does not meet the requirements for undertaking an equality impact assessment. However Committee Members should be reassured that any polling place move would be assessed for meeting the requirements of the equalities act in respect of accessibility as defined within the Elections Act 2022 and guidance to Electoral Registration Officers.

8   Data Protection

8.1   The report does not have any Data Protection considerations as the information is in the public domain.

9   Health and Wellbeing

9.1   There are no direct of the health and wellbeing implications of the proposal.

10   Risk Assessment

10.1   The primary risks associated with this report is about potential challenge to an election result because a polling place has been moved without perceived due approval. This is considered to be a very minor risk.

Background papers: None

Supporting documents: None

Title: Dispensation for Councillors
Lead Officer: Graham Leach, Democratic Services Manager & Deputy
Monitoring Officer, Telephone 01926 456141 or email
graham.leach@warwickdc.gov.uk
Portfolio Holder: Councillor Day
Wards of the District directly affected: None

Approvals required	Date	Name
Portfolio Holder	13/2/23	Day
Finance	13/2/23	Lorraine Henson
Legal Services		
Chief Executive	13/2/23	Chris Elliott
Director of Climate Change	13/2/23	Dave Barber
Head of Service(s)		
Section 151 Officer	13/2/23	Andrew Rollins
Monitoring Officer	13/2/23	Andrew Jones
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

The proposals set out in this report will protect Members from inadvertent breaches of the requirements related to Disclosable Pecuniary Interests or a "Pecuniary Other Interest" ensuring that the Council can conduct its business.

Recommendation(s)

The Audit & Standards Committee grants dispensations as at (a) and (b) below to Councillor Matecki and Roberts until elections for the Council in May 2023, in respect of circumstances where they have a Disclosable Pecuniary Interest in a matter relating to another authority only by virtue of the fact that they are an elected Member of Warwickshire County Council (WCC) and in receipt of an allowance from WCC:

(a)   Where the issue is a matter of dispute between the District Council and the other authority and the matter would affect the financial position of that other authority, the Councillor may speak on the matter provided they then immediately withdraw from the meeting room, unless it relates to the future structure of local government; and

(b)   In relation to other matters (including the future structure of local government) affecting that other authority, the District Councillor may speak and vote.

1   Reasons for the Recommendation

1.1   Within the Constitution, the Audit & Standards Committee is responsible for considering and determining requests for dispensation from requirements of the adopted Members' Code of Conduct.

1.2   Dispensations for Members to participate can be granted (in certain circumstances) for up to four years allowing a member to speak and or vote where they have a Disclosable Pecuniary Interest. The application must be made in writing to the proper officer (Chief Executive), as defined within the procedure at Appendix 1 to the report.

1.3   In September 2020, dispensation, as per the above, was granted to all Councillors who would have an interest by virtue of them being in receipt of an allowance from another local authority. Since that time Councillors Matecki and Roberts have been elected to Warwickshire County Council and it is considered appropriate to enable them with the same dispensation ahead of the decisions to be taken at Council in February 2023.

1.4   One of the matters relates to the Local Council Tax Retention Scheme, which was considered by Cabinet on Thursday 9 February 2023. The request for dispensation was made not in sufficient time before that meeting to reasonably allow this Committee to meet and discuss such a request. Therefore the Deputy Monitoring Officer consulted with the Independent Persons on a reasonable approach of allowing Councillor Matecki to participate, based on the previous dispensation to other Councillors and then bringing the report to this Committee for formal consideration ahead of Council taking the final decision.

1.5   It is considered appropriate this dispensation should be approved as this was granted to all other Councillors in similar position previously so enabling the Councillors to fully participate in such items.

2   Alternative Options

2.1   The Committee could consider each application for dispensation on its individual merits. However, officers believe that the recommended general dispensations enable the Council to function more effectively and do not compromise the Council's transparency.

3   Legal Implications

3.1   The Committee is reminded that any decision must only have regard to relevant factors and must be reasonable. In respect of reasonableness, this should be considered in line with the English Court case from 1948, which established "The Wednesbury Principle". This is that no decision should be so outrageous in its defiance of logic or accepted moral standards that no sensible person who had applied his mind to the question to be decided could have arrived at it.

4   Financial

4.1   The report does not directly impact on the budgetary framework or budget of the Council.

5   Business Strategy

5.1   Warwick District Council has adopted a Business Strategy which sets out key areas for service delivery. For this report the relevant aspect is Health, Homes, Communities, through the action of enabling Members to participate in these debates at Council meetings will enable them to represent the views of their communities and to help the Council focus on potential impacts for their communities.

6   Environmental/Climate Change Implications

6.1   The report does not have environmental implications in relation to the Council's policies and Climate Emergency Action Plan.

7   Analysis of the effects on Equality

7.1   The report does not meet the requirements for undertaking an equality impact assessment.

8   Data Protection

8.1   The report does not have any Data Protection considerations as the information is in the public domain.

9   Health and Wellbeing

9.1   The report does not have health and wellbeing implications.

10   Risk Assessment

10.1   The primary risks associated with this report about balancing the impact of not enabling Councillors to participate in debates and their resultant loss of voice against the conflict of interest and views they may have as a result being a Member of another Council.

11   Consultation

11.1   The Independent Persons for the Council have been consulted on the approach that was adopted and were content with this.

Dispensation

You may make an application for a dispensation allowing you to speak and/or vote in relation to a matter in which you have a Disclosable Pecuniary Interest by writing to the Chief Executive. You should set out your Disclosable Pecuniary Interest and the reasons why you believe you should be allowed to speak and /or vote in relation to the matter. The Chief Executive will refer your application to the Standards Committee for consideration.

To grant dispensations from either or both of the restrictions in section 31(4) Localism Act 2011 i.e. restrictions on participation and voting in relation to matters in which a member has a Disclosable Pecuniary Interest, if in all the circumstances it considers:

(a)   that without the dispensation the number of persons prohibited from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business;

(b)   that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business;

(c)   that granting the dispensation is in the interests of persons living in the authority's area;

(d)   if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, that without the dispensation each member of the authority's executive would be prohibited from participating in any particular business to be transacted by the authority's executive; or

(e)   that it is otherwise appropriate to grant a dispensation.

Title: Budget Review Group
Lead Officer: Graham Leach, Democratic Services Manager & Deputy
Monitoring Officer, 01926 456114 and graham.leach@warwickdc.gov.uk
Portfolio Holder: Councillor Day
Wards of the District directly affected: None

Approvals required	Date	Name
Portfolio Holder		Andrew Day
Finance		Lorraine Henson
Legal Services		
Chief Executive	16/2/23	Chris Elliott
Programme Director Climate Change	16/2/23	Dave Barber
Head of Service(s)	16/2/23	Andrew Jones
Section 151 Officer		Andrew Rollins
Monitoring Officer	16/2/23	Andrew Jones
Leadership Co-ordination Group		

Final decision by this Committee or rec to another Cttee / Council?	No one decision is required from Council.
Contrary to Policy / Budget framework?	No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No
Accessibility Checked?	Yes

Summary

The report brings forward arrangements for the Council in recognition of the concerns that have been raised by the Overview & Scrutiny Committee and both the Monitoring Officer and Section 151 Officer.

Recommendations

(1) That the remit of the Budget Review Group, as set out at Appendix 1 to the report, is supported and, subject to support from the Audit & Standards Committee, is recommended to Council for Annexing to the Constitution.

(2) The Committee notes that officers draft a workplan for the Committee for it to consider at its first meeting of the new municipal year

1 Reasons for the Recommendation

1.1 In May 2022, the Council agreed to move to a single Scrutiny Committee. This was a change from previous years where the Council had two Scrutiny Committees (one of which also acted as the Council's Audit committee). The two Committees undertook the scrutiny function from different perspectives.

1.2 The remit of the Overview and Scrutiny Committee, before May 2022, was to review items to be considered by the Cabinet, to review past decisions, policy development, health and wellbeing issues, specific issues and problems within any service area. It would also be able to scrutinise any other matter not otherwise delegated to the Finance and Audit Scrutiny Committee.

1.3 The remit of the Finance and Audit Scrutiny Committee, before it was disbanded, was to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that if affects the authority's exposure to risk and weakens the control environment, issues of an audit nature and to oversee the financial reporting process. The Finance and Audit Scrutiny Committee would:

- Review the robustness of business cases
- Promote value for money and good procurement practice
- Make recommendations on good financial management practices
- Keep the treasury management performance under review
- Approve the Statement of Accounts in accordance with regulation 10f of the Accounts and Audit Regulations 2003
- Review specific Cabinet items and past decisions.

1.4 The remit of the Finance & Audit Scrutiny Committee covered a number of areas that are the responsibility of an Audit Committee role rather than scrutiny function. While there will always be some overlap between the work of Scrutiny Committees and the Audit Committee, it is advised against them being a single Committee. This is advised against by both the Chartered Institute of Public Finance and Accountancy (CIPFA) and Centre for Governance & Scrutiny (CfGS).

1.5 The approach of combining the Audit Committee with an Overview & Scrutiny Committee risks conflicts of interest, spreading resources too thinly and losing

clarity over both audit and scrutiny committees' important statutory functions. Both functions require distinct support and should be able to operate effectively independently. This aside, because the functions relate to similar areas, there will be matters of common interest where it makes sense to collaborate. Some examples are areas around mindset and culture, securing good governance risk, value for money and wider policy issues (including the impact of council strategy and financial management).

1.6   As a result, for the municipal year 2022/2023, Council approved a new structure around its Scrutiny function, with the Overview & Scrutiny Committee's remit being changed, to add scrutiny of finances as well, and the creation of a new Audit & Standards Committee.

1.7   The close working relationship between these two Committees should be delivered through regular dialogue between the Chairs, who should look at sharing information and areas the respective Committees may wish to look at. At present, there is a strong working relationship between the Chair of the Audit & Standards Committee and Overview & Scrutiny and this is an area that officers will continue to support into the next municipal year, including ensuring they are invited to the others' briefings prior to their Committee meetings.

1.8   Councillors will be aware of the introduction of pre-scrutiny questions, the answers to which are available via the website. These have helped to further focus and enhance debates at Committee. This has also reduced the number of Cabinet items being considered as simpler queries are answered outside of the formal Committee meeting.

1.9   This aside, concern has been raised by Councillors and Senior Officers that some key strategic financial reports are not receiving robust scrutiny due to lack of time and capacity at the meeting.

1.10   The Overview & Scrutiny Committee has considered these points and come to the view that in order to provide additional capacity within Overview & Scrutiny Committee meetings, before Cabinet, the most sustainable approach would be to have four additional meetings a year which would solely focus on reports to the Committee and not on Cabinet matters, therein creating more capacity at meetings of Scrutiny the night before Cabinet.

1.11   In addition to this, at its meeting in February, the Overview & Scrutiny Committee, supported the continuation of the Fees & Charges Review Group and the Budget Review Group (Although now a single Group called the Budget Review Group). Currently these are composed of representatives of the Audit & Standards Committee and Overview & Scrutiny Committee, with a representative of each political group from both Committees.

1.12   The use of this Group has a number of benefits through sharing skills and knowledge across the Committees, while allowing focus on specific topics. They were an experiment for this municipal year, but have now been built into the Calendar of meetings for 2023/24. To enhance understanding of their role and the associated responsibilities, a brief terms of reference has been supported by Overview & Scrutiny Committee and is set out at Appendix 1 to the report.

1.13   Councillors have also raised concerns about the level of training received in respect of local government finance and more specifically, understanding Warwick District Council finances. This is considered a particularly important area for Councillors to understand, due to their legal responsibilities in respect of the over £100million a year that the Council is responsible for.

1.14 To that end, post-election on 6 June 2023, there will be a training session for all Councillors covering the basic elements of the District Council budgets, where money comes from to fund services and key terminology. This will then be built upon throughout the year with more detailed sessions at appropriate times on other areas, for example, key considerations in setting fees and charges and the art of Treasury Management. Due to the importance of this area, this will be included in a proposal for mandatory training for all Councillors to be considered by the Audit & Standards Committee in February.

1.15 The Chair of the Audit & Standards Committee has been made aware of views from fellow Councillors that a work plan would be valuable for the Committee to ensure the work load can be monitored and no key items are missed.

2 Alternative Options

2.1 Consideration was given to a number of alternative options, including reverting to have two Scrutiny Committees of Finance & Audit and Overview & Scrutiny Committee.

2.2 In respect of having two Committees as per the previous approach, there are many wider considerations and points raised by Members on this.

2.3 The arrangements the Council had previously were: Monday – Group, Tuesday – O&S, Wed – F&A and Thurs – Cabinet.

2.4 Members took the decision last year that this was no longer sustainable, with some officers and Councillors having four consecutive nights of meetings every six weeks.

2.5 With this in mind, officers considered the potential for this with either Cabinet dropping to the week after, or Group meetings being removed from the calendar. Moving Cabinet to the week after and retaining six-weekly Cabinet and three-weekly planning (then fitting Council and other meetings at set times) did not work. It was also considered not appropriate to remove the Group meetings or moving them to another time slot due to the benefits these have brought through pre-meeting questions.

2.6 The Council could have F&A and O&S on the same night but not at the Town Hall as there is insufficient event space for two meetings and also recognising that there will be development work at the Town Hall coming forward with Future High Street Funds. Without investment in broadcast equipment, we cannot broadcast two committees at the same time, accepting the Council has committed to broadcasting its meetings.

2.7 The Council cannot hold Committee meetings remotely (removing the need for space at the Town Hall) as the law does not permit it. The Council could have two Committees simultaneously, with one Committee at another venue, but then the benefit of having everyone in the same space to swap between rooms (catch up etc.) would be lost and there would be a cost associated with use of another venue.

3 Legal Implications

3.1 There are no specific legal implications of the report and the proposals comply with the relevant aspects of legislation.

4 Financial

4.1 There will be minimal additional cost to the Council of the additional meetings in respect of refreshments, but this can be funded within existing budgets. This will result in lost income opportunity for Town Hall (as the room will not be

available for hire for four additional evenings) but this is not expected to materially alter their planned income for the year.

4.2 There will also be additional cost in respect of officer time in attending additional meetings but it is anticipated this should be balanced by no overall increase in meeting time.

5 Business Strategy

5.1 Warwick District Council has adopted a Business Strategy which sets out key areas for service delivery. This proposal responds to two of those proposals in respect of Maintain or Improve Services and Firm Financial Footing over the Longer Term.

5.2 In respect of both of these points, these decisions are being brought forward to provide more robust scrutiny in proposals that come forward to provide assurance to the public on the approaches being taken by the Council.

6 Environmental/Climate Change Implications

6.1 There will be an adverse impact on the climate as a result of increased travel to meetings in the evening by Councillors and Officers. While this, overall will be a potentially small negative effect, there will be one. Equally, there will be more carbon emissions from energy use at the Town Hall. At this time, there are no direct mitigations for these.

7 Analysis of the effects on Equality

7.1 It is not considered that an equality impact assessment needs to be undertaken for these proposals.

8 Data Protection

8.1 There is no change in the handling of personal data as a result of these proposals.

9 Health and Wellbeing

9.1 There will be an impact on health and wellbeing as a result of these proposals. There is the potential for shorter meetings so officers and Councillors will not be working as late, recognising the identified impact of trying to reach significant decisions later in the day. However, there is the negative impact of more meetings, which impacts on both Councillors' and officers' private lives. It is anticipated that these will balance each other out and will need to be monitored carefully.

9.2 In addition, it is hoped that by having slightly more meetings, the agendas will be shorter for some meetings. Therefore, the reading time required for each meeting will be less significant, therefore reducing pressure.

10 Risk Assessment

10.1 The Committee needs to be mindful of the election in May and the new Council may want to change its approach to governance and Committees. This was explored post-election in 2019. The advice to the new Council will be that any proposals considered should be developed over the first 12 months in office with a view to introduction in the second municipal year of the Council.

10.2 Combining Audit & Standards Committee. CIPFA also advises against combining the Audit Committee with governance work associated with the Standards Committee. Officers were of the view that this risk was more acceptable based on the relatively low volume of work associated with the Standards Committee compared with the high volume of work of the Scrutiny Committee. In addition

to this, by bringing the Standards Committee work with the Audit Committee has the benefit of brining the views of the Independent Persons on audit matters, as well as the Parish/Town Council representatives, thus providing a more rounded view on matters (which is supported by CIPFA).

10.3 As referenced in the Health and Wellbeing section, there is a risk in respect of employees' and Councillors' time by introducing additional meetings without extra resources being available. This will need to be more closely monitored and Committee Services will undertake some comparative work on length of meetings from this municipal year as (as a base) with those in coming years as they occur.

11 Consultation

11.1 Discussions have taken place with the Chair of the Committee who is supportive of the proposal. The Internal Audit & Risk Manager has also been consulted on the report and is content with the approach proposed.

Background papers: None

Supporting documents:

Centre for Governance & Scrutiny Practitioners Guide
Centre for Governance & Scrutiny – Audit Committees and Scrutiny: working together
LGA Councillor workbook: Scrutiny of finance
Centre for Governance & Scrutiny & CIPFA Financial Scrutiny/practice guide
LGA a Councillor workbook on scrutiny
Warwick District Council Cabinet 20 April 2022 – Item 06 Amendments to the Constitution
MHCLG – Statutory Guidance on Overview & Scrutiny in Local and Combined Authorities

Terms of Reference Budget Review Group

The group will be responsible for reviewing the following papers on the evening before Cabinet considers them.
Annual Fees & Charges
Setting of the General Fund Budget
Setting of the Housing Revenue Account (HRA)

Their purpose will be to review the reports and pass comment on the strategic financial robustness of them.

The reports will be subject to pre meeting questions process as used for all Cabinet papers.

The Group will be composed of a Councillor from each Political group on the Council from each of the Audit & Standards and Overview & Scrutiny committee.

The Chairs of the respective Committees must be on the group but will form the representative of their Group from the respective Committee

The Leader of the Cabinet will permit the Chair of this meeting to represent the views of the Group inline with the rights provided to the Chair of the Overview & Scrutiny Committee