

Finance & Audit Scrutiny Committee Wednesday 8 December 2021

A meeting of the above Committee will be held in the Town Hall, Royal Leamington Spa on Wednesday 8 December 2021, at 6.00pm and available for the public to watch via the Warwick District Council [YouTube channel](#).

Councillor J Nicholls (Chair)

Councillor M Ashford

Councillor M Luckhurst

Councillor I Davison

Councillor N Murphy

Councillor R Dickson

Councillor S Syson

Councillor J Grey

Councillor J Tracey

Councillor G Illingworth

Emergency Procedure

At the commencement of the meeting, the emergency procedure for the Town Hall will be announced.

Agenda

Part A – General

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 3 November 2021 **(Pages 1 to 12)**

Part B – Audit Items

4. National Fraud Initiative Update

To consider a report from Finance **(Pages 1 to 6)**

5. Annual Governance Statement 2020/21 Action Plan: Review of Progress

To consider a report from Finance **(Pages 1 to 7)**

6. Internal Audit Progress Report: Qtr 2 2021/22

To consider a report from Finance **(Pages 1 to 23 and Appendices A to D)**

7. External Review of Internal Audit 2021: Update on Implementation of Recommendations

To consider a report from Finance **(Pages 1 to 15)**

8. Statement of Accounts – Updated Audit Findings Report

To consider a report from Finance **(Pages 1 to 22)**

Part C – Scrutiny Items

9. Review of the Work Programme and Forward Plan & Comments from the Cabinet

To consider a report from Civic & Committee Services **(Pages 1 to 6)**

10. Cabinet Agenda (Non-Confidential Items and Reports) – Thursday 9 December 2021

To consider the non-confidential items on the Cabinet agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the morning after Group meetings.

(Circulated Separately)

11. Public & Press

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

12. Cabinet Agenda (Confidential Items and Reports) – Thursday 9 December 2021

To consider the confidential items on the Cabinet agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the morning after Group meetings.

(Circulated separately)

Published Tuesday 30 November 2021

General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.

Telephone: 01926 456114

E-Mail: committee@warwickdc.gov.uk

You can e-mail the Members of the Committee at

FandAscrutinycommittee@warwickdc.gov.uk

Details of all the Council's committees, Councillors and agenda papers are available via our website on the [Committees page](#).

We endeavour to make all of our agendas and reports fully accessible. Please see our [accessibility statement](#) for details.

The agenda is available in large print on request,
prior to the meeting, by telephoning (01926)
456114

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 3 November 2021 in the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Nicholls (Chair); Councillors: Ashford, Davison, B Gifford, Grey, Illingworth, Murphy, Syson and Tracey.

Also present: Councillor Bartlett (Portfolio Holder for Culture, Tourism & Leisure), Councillor Day (Leader of the Council), Councillor Hales (Portfolio Holder for Transformation/Resources) and Councillor Rhead (Portfolio Holder for Climate Change)

42. Apologies and Substitutes

- (a) apologies for absence was received from Councillor Luckhurst; and
- (b) Councillor B Gifford substituted for Councillor Dickson.

43. Declarations of Interest

There were no declarations of interest.

44. Minutes

The minutes of the meeting held on 22 September 2021 were taken as read and signed by the Chair as a correct record.

45. Update on the Joint Work with SDC

The Committee received a report from the Chief Executive. It was agreed at a previous meeting of the Overview and Scrutiny Committee and of the Finance and Audit Committee that a report would be brought to each meeting to set out the progress of the work being done to enable effective Scrutiny of the proposals.

The report re-iterated the vision agreed by both Councils and the reasons for undertaking this approach, set out work done to date, the next steps, the key benefits, and the key milestones and intended overall outcome. The changes from the last report were set out in italics below.

Both Stratford-on-Avon District Council (SDC) and Warwick District Council (WDC) at their respective Full Councils agreed the following vision:

"To create a single statutory South Warwickshire Council covering all of the activities currently carried out by Stratford on Avon District Council and Warwick District Council by 1st April 2024."

Reasons for undertaking this approach:

- Both Councils had significant financial pressures.
- Both Councils wished to continue to provide valued services to residents/businesses/local communities.

- The two Councils had a good track record of partnership.
- There was a shared economic geography between the two Councils.
- There was a shared sense of community between the two Councils areas.
- There was a very strong political relationship in place.
- The two Councils were within the same County Council area.

Work done to date (including ongoing work) included:

- Deloitte Report commissioned and agreed by both setting out the high-level business case for the creation of a single South Warwickshire Council.
- Vision stated above agreed by both Councils.
- The Cabinet Portfolios for both Councils were fully aligned.
- Joint contract awarded for the Refuse and Recycling Service.
- Developing jointly a South Warwickshire Local Plan.
- Developing a joint Regulatory Services Enforcement Policy.
- Developing a South Warwickshire Economic Strategy.
- Agreed a shared set of ambitions regarding the Climate Emergency.
- Joint Staff/HR policies agreed.
- Agreed and had appointed a Transformation Programme Manager and Programme Support Officer.
- Established a governance regime via the creation of an officer Programme Board (which meets weekly) and the Councillor led Joint Arrangements Steering Group (Reports and Notes of meeting available on the South Warwickshire Together Hub).
- Work on due diligence financially undertaken by LGA consultant and reported to JASG.
- Regular meetings with Unison (both branches) on a fortnightly basis.
- Communication Hub for all Staff and Councillors of both Councils established – South Warwickshire Together Hub.
- Leaders and CEOs met fortnightly.
- Joint Management Team met weekly (two vacancies immediately saved).
- Discussions had started with the Government regarding the creation of a single South Warwickshire Council.
- Agreed paper for public consultation proposals.
- Sharing experience and likewise gaining experience from joint work of other Councils including those who had merged and those who were also considering the same step.
- Update presentations given to Councillors, members of staff and Service Managers.
- Scrutiny Chairs of SDC/WDC had met.
- Start of public consultation on proposal from 6 September to 24 October – 600 representatives of the community directly surveyed; open form available for all to make their comments; stakeholders notified and asked for comments; focus groups for local residents; Parish/Town Council; community/voluntary; business.
- *CEOs had held a consultation session with over 50 Parish/Town Councils; and with business representatives of the Chamber of Commerce; almost 600 staff had attended CEO briefing sessions. All 3MPs had been briefed.*
- *Programme of Service Integration and about principle of sharing an HQ was subject to a separate report that had been agreed by both Cabinets.*

- *Business Case for Joint Legal Service integration was agreed by both Cabinets.*
- *Report to Employment Committee re use of Section 113 Agreements for the Service Integration process.*

The next steps included the following:

- Both Councils to consider the decision to make a formal application to merge the two organisations to create a single South Warwickshire Council – on Monday 13 December.

The expected benefits included:

- Delivery of significant net savings as envisaged in the Medium-Term Financial Strategy.
- Enhanced partnership working.
- Increased presence, influence, and strategic voice.
- Increased service resilience.
- Improved customer experience – residents and business.
- Strengthened workforce opportunities arising from a larger workforce.

The key milestones were:

- Agreement to the business case to be submitted to Government on 13 December 2021.
- Approval granted by the Secretary of State within a year of the submission date.
- Shadow Council in existence from April 2023 – elections inc. those of Parishes deferred for a year.
- All services merged by March 2024 having started the process in November 2021.
- New Council comes into life on 1st April 2024.
- Elections to new Council in May 2024.

The overall outcome would be that a new South Warwickshire Council which had a sustainable financial foundation and so was able to deliver transformed, and relevant services for the residents, businesses, and communities of the area. Strategic options were evaluated as part of the work done for the public consultation and could be seen at the Hub.

In response to questions from Members, the Chief Executive advised that:

- The Employment Committee and Members Trades Unions Joint Consultation & Safety Panel had had a meeting since the report was written and concerns were raised that as staff were brought together from the two authorities, there might be a situation where one member of staff was on different terms of conditions and pay than those from the other authority, but ostensibly doing the same job. SMT had recognised this and had discussions with West Midlands Employers and commissioned them to do an options appraisal on how the Council's could bring together the job evaluations scheme both Council's had. Part of the options appraisal was to give advice as to how the Council's might bring those two schemes together, and also help give a high-level indication of what any potential cost implications might be if the salary approaches were brought

together. The report that will be brought to Members in December would include the high-level cost for that issue.

- If Members were minded to agree to a merger in December, and if the Secretary of State agreed, and a new authority came into place on 1 April 2024, the ambition would be at that point to have member of staff from both authorities effectively transfer to a single set of terms of conditions. At this stage that was an aspiration, as there had been other authorities that have gone through a similar process where that had not happened. That is why it was deemed appropriate to get advice on what the options were and then have a sensible discussion with the Trade Unions and with Members about those options, so that everyone had their eyes wide open. The concerns about this matter were recognised and were trying to be addressed.
- The Section 113 device effectively allowed staff at one authority to be put at the disposal of that of another authority but did not mean they were all on the same terms and conditions. The intention was that over the next two years the Council's would start to align more policies, and this had already started.

In response to a question from the Chair, Councillor Day stated that what was being built was a shared service which in many respects was not reliant on the Government to give final approval for. The decision for Members was that if the Government did not give the permission for the Council's to merge then there would still be a shared service, and how that was managed would be the challenge.

In response to further questions from Members, the Chief Executive advised that:

- One of the risk mitigations against a decision that the Government says no to a merger is to set out the evidence more strongly that a merger should be approved. There would be a further iteration of the risk register when Members considered the proposal in December.
- The results of the consultation that closed on 24 October showed that the statistical representative of around 600 people had been sampled, and there was around 1500 people who had completed the open online questionnaire, as well as other elements like focus groups/stakeholder responses. In numbers terms, this was a reasonable response. Though the results were not known yet, the expectation was that by the end of the week there would be a high level first cut of the statistical representative sample, and then working out a programme from ORS (the company doing the work) and there would be a response before the end of November when the paper had been completed. He would take that back to ORS to get a more detailed timetable for Members.

Councillor Day advised Members that there would be a proper briefing for Members on the outcome of the survey, and an opportunity for them to scrutinise and ask questions of it, ahead of the decision on 13 December. There was enough of a statistically significant response to be able to draw sound findings to help Members make their decisions, and there would be adequate time for Members to digest the findings. Any early information would be shared with Group Leaders in an open and transparent way.

The Chair felt it would be important to provide some feedback to the public regarding the survey, for example a breakdown of the results, to show that the results were taken seriously. He also raised a concern that the budget of the ICT System costs was left open, and some clarity about the budget was needed. In response, Councillor Hales advised Members that he had spoken with the Head of ICT Services and Head of Finance about this matter, and there was a strategy being worked on which would come before Members.

Resolved that the contents of the report and appendices are noted.

46. Cabinet Agenda (Non-Confidential items and reports) – 2021

The Committee considered the following item which would be discussed at the meeting of the Cabinet on Thursday 4 November 2021.

Item 5 – Fees and Charges

The Committee supported the recommendations in the report.

Item 12 – Significant Business Risk Register

The Committee supported the recommendations in the report. Members noted the intent was that once there was a decision on the potential merger, the Significant Business Risk Register would include a specific risk on that topic. The Committee also noted the redundant wording in the Climate Change Risk relating to the Council Tax Referendum, which was no longer a possible trigger.

Urgent Item - Princes Drive Rail Bridge Refurbishment and Public Art Project

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members were satisfied for the reasons for the late circulation of the report.

47. Treasury Management Activity Report for period 1 April 2021 to 30 September 2021

The Committee received a report from Finance which detailed the Council's Treasury Management performance for the period 1 April 2021 to 30 September 2021.

The Council's 2021/22 Treasury Management Strategy and Treasury Management Practices (TMP's) required the performance of the Treasury Management Function to be reported to Members on a half yearly basis in accordance with the Treasury Management Code of Practice.

LIBOR and LIBID rates would cease from the end of 2021. Work was currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). Therefore, the use of LIBID for benchmarking purposes would also change.

Treasury Management had a significant impact on Warwick District Council's budget through its ability to maximise its investment interest

income and minimize borrowing interest payable whilst ensuring the security of the capital.

Warwick District Council was reliant on interest received to help fund the services it provided. The latest estimate for investment interest in 2021/22 would be revised during the budget setting process and was not available in time for the report, and so it remained the same as the original. Also, the actual 2020/21 was based on the revised figure in the Treasury Management Strategy 2021/22.

	Latest 2021/22 Budget £'000	Original 2021/22 Budget £'000	Actual 2020/21 Budget £'000
Gross Investment Interest	649	649	602
/less HRA allocation	-123.2	-123.2	-154.5
Net interest to General Fund	525.8	525.8	447.2

The divestment from the Council's two corporate equity funds, as part of its Climate Change Emergency targets, during September 2021 had realised actual capital gains of £405,593, taking the opportunity when it was believed that equities were near an optimum 'high' to sell at a favourable time. This could be compared with the position at 31 March 2021 when there would have been a loss of £94,585 and at 31 March 2020 when the loss would have been over £1.4m.

There would be a reduction in investment interest as a consequence, the reduction in dividends for 2021/22 being around £40,000. The reduction for 2022/23 would be in the order of £150,000 but this would be countered by (a) looking for an alternative investment opportunity and (b) lower borrowing costs by utilising the £6m as 'internal borrowing' in place of external PWLB loans, due to the lower carrying costs. It was estimated this could reduce the net loss of interest by around two-thirds in the short term.

On 27 August 2021, the Council entered into a housing Joint Venture (JV) arrangement, advancing £50m to the JV using a series of PWLB loans of between 3.5 and 5.5 years, with the repayments matching those from the JV. The General Fund was paying the interest costs on the four PWLB loans but would be receiving interest receipts from the JV, creating a net income. The net interest the Council would receive was approximately £8.7m.

The £50m of PWLB loans were taken on 5 August 2021, at a stage when the legal negotiations appeared to be nearing finalisation. When it was necessary to defer the payment of these loans to the JV until the legal agreement was completed, the £50m had to be invested short-term and on a rolling-basis. This scenario had not been anticipated in the Council's 2021/22 Treasury Management Strategy and the associated Authorised Lending List, so it was essential to find the safest possible 'haven' for these funds. Consequently, the funds were placed with the Debt Management Office (DMO), the other side of HM Treasury to the PWLB, meaning that this UK Government-backed organisation was extremely 'safe'.

While the Treasury Management Strategy for 2021/22 had included the loans to the JV, it did not anticipate that the Council would need to hold the £50m beyond a working day. By lending short-term to the DMO the Council have technically breached its lending limit and this report is formally asking

for the Authorised Lending List to be amended to allow for unlimited lending to the DMO, given its status as a Government organisation.

A further £10m was likely to be borrowed by the JV in April 2022. It was expected that this would be borrowed from the PWLB and passed on to the JV within a working day.

Part of the creation of the JV and its objectives was the establishment of the Council's stand-alone housing company, Milverton Homes Ltd (MH), which was one to the three parties in the JV, to enable the provision of social housing not possible by the Housing Revenue Account. In order for MH to have operational cash balances until it began to generate rent income streams, the Council had invested £200,000 in MH as a share issue. This was to be treated as a Treasury Management investment, but due to the length of this investment being beyond 12 months and to a non-rated organisation, albeit a Council related company, this £200,000 was a 'non-specified' investment within the Authorised Lending List. This amount was paid to MH on 23 September.

Recommendation 2 was to approve, retrospectively, these new counterparties and their limits.

The Council had breached a lending limit, and due to the complexity and timescales of the Joint Venture negotiations it was not possible to seek Council approval for a change in lending limits before investing with the Debt Management Office (the DMO, also referred to as the Debt Management Agency Deposit Facility - DMADF). The Chief Executive and Portfolio Holder approved this action, which was needed to enable this transaction to proceed, and which had been approved by the Council. Recommendation 3 was formal recognition of this breach.

Recommendation 2 would allow the Council to deposit, retrospectively, with the DMO with no upper limit. It also covered the investment in Milverton Homes outlined in paragraph 4.2.9 of the report.

Resolved that

- (1) the contents of the report, be noted;
- (2) the amendments to the Authorised Lending List for the Debt Management Office and Milverton Homes Ltd, be approved; and
- (3) the breach of the Council's Authorised Lending List in August 2021 in order to facilitate the housing Joint Venture, be noted.

48. Follow up report looking into the progress made by Just Inspire in terms of their recovery

The Committee received a report from Cultural Services which set out the progress of Just Inspire in operating the Glasshouse Restaurant and reporting their recovery after the Covid-19 pandemic.

Just Inspire, a local, independent, family-run business was appointed to manage the catering and events operation at various Council sites in January 2019 as part of a tripartite Catering and Events Concessions

contract between the Council's Creative Quarter regeneration partner, Complex Development Projects (CDP), Just Inspire and the Council.

The Catering & Events Concessions contract encompassed the Restaurant in the Park (part of the Glasshouse in Jephson Gardens) and the Café, Assembly Rooms and Annexe at the Royal Pump Rooms. The Council benefitted financially from commission on all income generated by the contract and through a proportion of overheads for those venues being charged back to the catering and events provider.

Since they first began trading in March 2019 Just Inspire encountered significant challenges in developing the functions and events aspect of the business at the Royal Pump Rooms and therefore revenue had been much lower than anticipated. As a result, in September 2019 Just Inspire indicated to the Council that they would become insolvent by the end of October 2019 if no action was taken. Whilst Just Inspire had proven to be an excellent catering and events partner for WDC, with exceptionally positive customer feedback and had met the detailed expectations of the Catering & Events Concessions contract specification, they anticipated a significant gap in their cash flow and issued the stark warning that this was so severe that the business would become insolvent.

In order to mitigate the potential impact of the catering provider being unable to deliver, the Catering and Events Concessions contract was varied in late 2019 in order for Just Inspire to be released from operating the Royal Pump Rooms café and Assembly Rooms. Since that time, they had operated the Glasshouse restaurant as a standalone operation. The Royal Pump Rooms Assembly Rooms and Annexe events spaces had since been directly managed by WDC's Arts team.

Since 1 June 2020, the Royal Pump Rooms café had been rented by a local café operator, The Larder, on a five-year lease agreement. The opportunity was advertised in November 2019 and attracted a great deal of interest from local businesses. The rental level was assessed and set at a competitive market rate by the Council's independent property advisor. Although the commencement of the lease was delayed by three months due to the Covid-19 pandemic, the café was now thriving and had become an asset to the Royal Pump Rooms.

Just Inspire had accrued a debt in the region of £53,000 to Warwick District Council by the end of 2020. Just Inspire committed to repaying this debt through a structured repayment plan by the end of the contract period. It became necessary to pause this repayment plan during the Covid-19 pandemic as the resulting Government restrictions made it impossible for Just Inspire to trade. There was no trading at all between January 2021 to the end of April 2021. The end date of the Catering and Events Concessions contract was subsequently extended in January 2021 to the maximum length permitted by the terms of the Extension Clause to 4 January 2024 in order to allow adequate time for the repayment plan to be completed. The outstanding amount at the time was £40,643 and this began to be paid off again on a monthly basis from July 2021. The full amount would be paid by the end of 2023.

During the Covid-19 pandemic Just Inspire were able take advantage of all government grant aid available to them. They accessed a 'bounce back' loan to ensure they would be able to continue trading but had used little of

it. This was held in a reserve account as an insurance. All but one of the wedding bookings that they had scheduled for 2020 had moved to 2021/22. When they were able to do so, Just Inspire opened the Glasshouse as a takeaway 'Street Food' operation which proved to be very popular and allowed them to keep their core staff employed. The Glasshouse reopened as an events venue in 2021 as soon as government restrictions allowed for functions and wedding ceremonies to go ahead.

Trading had improved significantly since the end of April 2021 and they had delivered 26 events since reopening. Just Inspire had carried forward a cumulative loss of £55,000. However, their projected full year profit for 2021/22 was circa £30,000, leaving £25,000 of cumulative losses. This forecast was based on confirmed advanced bookings only, so should have improved as the market improved. Just Inspires' cashflow projections were also reassuring with their current account cash at the end of April 2022 projected to be circa £50,000. Again, based on confirmed orders only, their projected profit for the first half of 2022/23 was circa £50,000. These were traditionally their best trading months in the year, but it was still very encouraging.

Having downsized dramatically during the Covid-19 pandemic, Just Inspire were able to appoint a General manager in the summer and were recruiting a Head Chef to work alongside their Executive Chef. They were also in a position to recruit a back of house role to free up the Director's time to focus on sales and marketing. Recruiting frontline serving staff at the time of the report was proving to be extremely challenging, which was nationwide problem. Just Inspire had a long-term relationship with a staffing agency which had meant they had been able to continue to staff events. However, this was a high cost, and the intention was to recruit their own local workforce and minimise the use of agency staff.

The Glasshouse was primarily used for weddings, functions and private events, as previous attempts to create a 'pop-up' restaurant had failed. However, Just Inspire were keen to keep the venue accessible to the local community and introduced a monthly 'Sunday Lunch' event which had proven to be very popular, regularly attracting 70 covers. Even so, this was operated on a 'breakeven' basis and had not proven to be profitable. Just Inspire had repeatedly shown that they were willing to work with the local community and support events whenever they could – including Warwickshire Open Studios' Plein Air event in the summer and Heartbreak Productions.

Just Inspire had a five-star rating on all of the review websites and had received 100% positive feedback from events they had delivered. Their reputation as a quality, welcoming events venue was now well established. The performance of the Catering and Events Concessions contract was monitored through quarterly monitoring meetings where financial performance, quality of service and customer feedback, food safety and health and safety were assessed.

Although there remained significant financial challenges and uncertainty for Just Inspire, and the hospitality industry more widely, officers were confident that the company had a good, robust approach to handling the business throughout the pandemic, particularly in how they had managed clients whose weddings had to be postponed and retained business. The quality of the offer continued to be excellent and in line with the terms set

out in the Catering and Events Concessions Contract.

A report was scheduled to go to the Culture, Tourism and Leisure PAB on 11 November to consider options for the future relationship between the Council and Just Inspire.

In response to questions from Members, the Arts Manager advised Members that the assembly rooms were holding 95 events this year which was considered very good, and they were on target to make the income they wanted to. The Larder Café was doing very well and was receiving great feedback, and the business plan was being met for the other bookings in the pump rooms.

Resolved that the contents of the report be noted.

49. **Statement of Accounts and Audit Findings Report**

The Committee considered a report from Finance which presented the 2020/21 Audited Statement of Accounts. The External Auditor's Audit Findings Report was also presented. Whilst work on the audit was not concluded, it was expected that the auditors would issue an unqualified audit opinion.

The draft 2020/21 Statement of Accounts were published on the 16 July. As previously reported, due to the Covid crisis, the statutory deadline for this in the current year had moved in the current year from 31 May to 31 July.

The accounts had subsequently been subject to audit by Grant Thornton, the Council's external auditors. The date for the audited accounts to be signed off had been shifted from 31 July to 30 September. As reported to the Committee in September, the auditors had not been able to complete their work to enable the accounts to be signed off by this date.

There had been two material changes to the accounts, as detailed in Appendix C of the Auditor's report:

- £1m adjusted to reduce cash and increase short term debtors.
- £2.851m adjusted to increase pension fund assets so decreasing the net pension liability and unusable reserves. This adjustment was referred to at the last meeting of the Committee.

Both of these adjustments did not impact on the funding available to the Council

The value of Property Plant and Equipment (gross total value in the accounts £542m) was £89k less than the value in the Council's asset register. It was not proposed to adjust for this as it was not deemed material. The cause for this variance was to be investigated and rectified ahead of the 2021/22 Accounts being drafted. Members were requested to agree to this not being adjusted within the 2020/21 Accounts.

The audit of the accounts was now virtually complete, with the Audit Findings Report from the external auditors having been issued and attached to the report. Consequently, Members were asked to approve both the letter of representation and the Audited Statement of Accounts.

Unfortunately, Grant Thornton were not able to issue their final audit Statement and so sign off the Accounts until they had finished the items of work still outstanding. Should the final work by Grant Thornton require any further changes to the Council's Statement of Accounts, it was

recommended that these were agreed by the Head of Finance in consultation with the Chairman of the Finance and Audit Scrutiny Committee.

The Value for Money work was still to be completed by the Auditors. This did not have to be confirmed alongside the Accounts. Grant Thornton planned to report on the VFM to the December meeting of the Committee. After that, the Auditors should be able to conclude the overall 2020/21 Audit.

It had recently been reported that just 9% of local government bodies' 2020/21 audits were completed by the end of September. This compared to 45% of audits being completed by the target date for 2019/20 and 57% for 2018/19.

Having the audited accounts signed off in the current environment was a major achievement. This had entailed hard work by the Accountancy Team and from officers across the Council, and also from the external auditors. The close working from all involved had been important in enabling the Council to get to this position. The Council was in a far better position than many local authorities.

In response to questions from Members, Mr Patterson and the Strategic Finance Manager advised Members that:

- He was content with the management responses to each of their recommendations, and there was a follow up from the previous year and most of the recommendations were addressed, and he was comfortable with the work being undertaken.
- They were looking to completing the work in the next couple of weeks, and any outstanding work would be completed by the end of the month. He did not expect any outstanding work to throw up any issues.
- The auditors had identified two reconciliation differences, both of which were integral to the new solution that Finance were launching within the next week, and the expectation was that from the financial year starting in April 2022 that these issues should be resolved.
- The auditors could issue an opinion on the financial statement saying they were a true and fair representation of Council position but could not certify the audit closed until they had completed the Value for Money conclusion, the report of which would be coming to the Committee in December.

Resolved that

- (1) the 2020/21 Audit Findings Report, be noted;
- (2) the letter of representation, attached to the report, be approved;
- (3) the Accounts are not adjusted in respect of the £89k Property Plant and Equipment Valuation, be agreed;
- (4) the 2020/21 Audited Statement of Accounts, with the changes having been made, be approved; and

- (5) delegated authority be given to the Head of Finance in consultation with the Chairman of Finance and Audit Scrutiny to agree any final changes to the accounts if required from the final work of the external auditors.

50. Review of the Work Programme and Forward Plan & Comments from the Cabinet

The Committee considered a report from Democratic Services that informed the Committee of its work programme for the 2020/2021 Municipal Year, as set out at Appendix 1 to the report, and of the current Forward Plan.

The Chair advised Members that he had agreed with the Chair of the Overview & Scrutiny Committee and the Democratic Services Manager & Deputy Monitoring Officer that Members would get a detailed timetable of activity leading up to the decision on the potential merger on 13 December. number of meetings were taking place on behalf of and with Members in terms of scrutinising decisions, and it was important that the sequence of events was understood. He and the Chair of the Overview & Scrutiny Committee would meet with the Chair of the Scrutiny Committee at Stratford-on-Avon District Council, and there would then be a meeting with Members to make sure everyone was content.

The Chair also advised that there was concern about a potentially heavy Cabinet agenda in December, alongside the critical decision on the potential merger, and there had been conversations with the Leader and Chief Executive whether any items on the Cabinet agenda could be delayed to that proper attention could be paid to the question of the potential merger. It was likely that the December Committee would therefore be longer than normal as there were Cabinet items that the Committee would normally call in.

The Head of Finance advised that the Value for Money Conclusion in relation to the Internal Audit needed to be added to the Work Programme for the December Committee.

Resolved that the report be noted.

(The meeting ended at 7.38pm)

CHAIR
8 December 2021

Title: National Fraud Initiative Update
Lead Officer: Ian Davy (01926 456818, ian.davy@warwickdc.gov.uk)
Portfolio Holder: Councillor Hales
Wards of the District directly affected: Not applicable

Summary

To provide Members with details of the progress made against the review of data matches from the 2020-21 National Fraud Initiative (NFI) programme, including details of any monies recovered or being pursued where fraud or errors have been identified.

Recommendation

That Finance and Audit Scrutiny Committee notes the contents of this report.

1 Background/Information

- 1.1 Members have requested annual updates on NFI activities.
- 1.2 The National Fraud Initiative (NFI) is a national inter-organisational data matching service managed by the Cabinet Office under powers contained in the Local Audit and Accountability Act 2014.
- 1.3 The NFI considers itself to be a major contributor to public sector counter-fraud activity and continually seeks to expand its influence in both the public and private sectors. The contribution of the NFI to Warwick District Council's own fraud prevention and detection accomplishments has always been marginal, but has been seen as offering value as a source of independent assurance on the effectiveness the Council's preventative controls and as a deterrent against fraud.
- 1.4 Of the areas targeted by the NFI, those relevant to Warwick District Council are:
 - council tax single occupant discount
 - housing benefit
 - council tax reduction (under the local scheme)
 - employment
 - social housing tenancies
 - right to buy
 - social housing waiting lists
 - trade creditors
 - licensing (taxi drivers)
 - COVID grants.
- 1.5 To meet its obligations under the NFI, Warwick District Council is required to:
 - extract and supply data to the Cabinet Office (at annual intervals for council tax discount matching and two-yearly intervals for all other the relevant

data).

- review and, where appropriate, investigate output referred back from the data matching processes and report the outcomes to the Cabinet Office.

- 1.6 The Responsible Financial Officer has overall management responsibility for the NFI at each local authority. NFI operations at Warwick District Council are overseen by a member of Internal Audit as designated 'Key Contact'.
- 1.7 Results of NFI data matches are processed through a secure web-based application system hosted by the Cabinet Office. Only a small number of Council and contracted-in staff have access to this system and they are required to observe special data handling instructions in addition to the Council's policies on information security.
- 1.8 Under current arrangements, processing of the bulk of the matches is assigned to officers of the Council's fraud investigation partnership with Oxford City Council Investigation Service and staff in Benefits and Customer Services.
- 1.9 The Key Contact processes matches in respect of payroll and creditors along with other groups of matches where they are relatively few in number.
- 1.10 It should be emphasised that there is no strict requirement under the NFI to examine all matches referred. These are expected to be prioritised on a risk basis, especially where there are large numbers involved (all individual matches come with fraud risk scores based on the NFI's own profiling criteria). This approach applies in particular to Housing Benefit, Council Tax Discount and Council Tax Reduction matches.
- 1.11 Although investigation of housing benefit fraud is now the responsibility of the Single Fraud Investigation Service (Department for Work and Pensions), the Cabinet Office advised that the Council is expected to 'sift' all NFI housing benefit matches initially. Any cases found to warrant further investigation should be referred individually to the Single Fraud Investigation Service although it should be noted that they have only just restarted looking at fraud reports following COVID.

2 NFI 2020-21 Progress Summary and Outcomes to Date

- 2.1 Letters have recently been sent to a number of individuals that are in receipt of Single Person Discount (SPD) where matches to Electoral Registration data suggested that more than one person resided at the property. Despite an issue with the letters that have been sent (see 5.6 below), 390 responses have been received so far which are in the process of being reviewed. This review is in its early stages but SPDs have already been removed in seven cases so far (one dating back to 2016) and fourteen others are under further investigation as the details provided do not match with current data held. The deadline for responses was 1 December 2021 so, at the time of writing, there are a number of responses outstanding. Two cases of potential electoral fraud have also been identified.
- 2.2 The Benefits and Customer Services Manager, along with other staff where relevant, is currently working through cases relating to Housing Benefit and Council Tax Discounts. Of the 258 cases resolved so far, there have been no issues identified.
- 2.3 All Payroll matches that were selected for review have been resolved with no cases of fraud or error being identified.

- 2.4 All cases relating to trade creditors have been reviewed. This identified two cases where duplicate invoices had been paid, with the investigation of one of these cases identifying a further overpayment.
- 2.5 One duplicate payment (£3,605.70) was a result of two separate invoices being issued for the use of Biomass fuels at Sayer Court. This appeared to be a genuine error, with bills being raised in a different format by the supplier who supplied a credit note once the issue was raised with them.
- 2.6 The other case related to bills from BT, with a copy invoice being paid against a different order number than the original payment. When BT investigated the case, they identified a further overpayment. This hadn't been picked up by NFI as it was under the payment threshold for the match report. The total overpayment (£2,045.11) was credited against the next bill.
- 2.7 As reported to this committee in July 2021, COVID grants paid out under the initial Small Business, Retail Hospitality and Leisure, and Discretionary grant schemes were included in this NFI exercise.
- 2.8 The checking has revealed three cases where business had received Discretionary Grants that they were not entitled to. In each case, the business had stated on their application form that they had not received, or were not applying for, COVID grants from any other authorities but the review confirmed that other grants had been paid out.
- 2.9 It appears that these were based on misunderstandings from the businesses, as they supposedly believed that this related to the specific property as opposed to the business as a whole. They are, therefore, being treated as errors as opposed to fraud.
- 2.10 The businesses have been contacted to try to recover the grants (£16,000 in total), with confirmation being received that one business has now repaid their grants (£4,000).
- 2.11 The review also highlighted a number of businesses that had received the Small Business grants when they were no longer entitled to the corresponding Small Business Rate Relief for their property. However, in these cases, it transpired that they would have been entitled to Retail Relief and the Retail Hospitality and Leisure Grant instead, so there was no difference in their liability or the amount of grant funding that they were entitled to.
- 2.12 The Council has now been asked to submit data in relation to the other COVID grants that have been administered, so further issues may be uncovered following the matching and subsequent review of that data.

3 Alternative Options available to the Finance and Audit Scrutiny Committee

- 3.1 This report provides a summary of what has been done with regards to the latest NFI exercise and is, therefore, a statement of fact. As such, there are no alternative options.

4 Consultation and Members' comments

- 4.1 No comments have been received.

5 Implications of the Proposal

5.1 Legal/Human Rights Implications

- 5.1.1 None directly arising from the review of NFI matches.

5.2 **Financial**

5.2.1 Any frauds or errors identified will be subject to attempted recovery of the funds. This money (and any penalties imposed) will be available to the Council although monies relating to the COVID grant schemes may need to be repaid to the Government.

5.3 **Council Plan**

5.3.1 **Fit for the Future (FFF)**

5.3.2 Warwick District Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end, amongst other things, the FFF Strategy contains several key projects.

5.3.3 The FFF Strategy has three strands, People, Services and Money, and each has an external and internal element to it.

5.3.4 Taking part in the NFI process does not have a direct impact on any of the specific strands. However, there is a cross-cutting impact insofar as any monies returned can be 'reinvested' to help the Council achieve its plan.

5.4 **Environmental/Climate Change Implications**

5.4.1 Not applicable.

5.5 **Analysis of the effects on Equality**

5.5.1 Not applicable.

5.6 **Data Protection**

5.6.1 It is mandatory for local authorities to share data with the Cabinet Office under NFI. The Cabinet Office then matches the data with that provided by other participating bodies.

5.6.2 To comply with law and best practice in handling and sharing personal information, the process is governed by a Code of Data Matching Practice adopted by the Cabinet Office.

5.6.3 A data breach has occurred with regards to matches in relation to Single Person Discounts (Council Tax). As highlighted above, letters were sent to a number of people where matches to Electoral Registration data suggested that there was more than one occupant at the address.

5.6.4 However, superseded electoral registration data from a previous NFI exercise (that was still included on the relevant report on the NFI system) was erroneously used in some cases which led to a number of letters being sent out containing names of previously registered occupants.

5.6.5 This case has been reported to the Information Governance Manager and an incident log has been completed.

5.6.6 The Democratic Services Manager and Information Governance Manager have assessed this data incident to be 'Low Risk'. This is because, although the incident has affected several persons, the personal data breached consists of name only and therefore the risk of harm is considered to be especially limited.

5.7 **Health and Wellbeing**

5.7.1 Not applicable.

6 Risk Assessment

6.1 Effective participation in the NFI reinforces the Council's measures for mitigating the risk of fraud.

7 Conclusion/Reasons for the Recommendation

- 7.1 This update provides evidence that the NFI exercise does have some merit, with errors being identified that have (or will) lead to the recovery of monies paid out and it also provides assurance that the controls in place at the Council are generally working well to prevent fraud and error.
- 7.2 This summary report should, therefore, help Members to take assurance in this area and the report should be noted.

Background Papers and Supporting Documents:

Report to Finance and Audit Scrutiny Committee (7 July 2021) on (the) 'Measures taken to deter, detect, investigate and report fraud in respect of COVID business grants'.

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	Finance and Audit Scrutiny Committee / 8 December 2021	
Title of report	National Fraud Initiative Update	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)		
Portfolio Holder WDC & SDC *	23/11/21	Councillor Hales
Financial Services *	23/11/21	Mike Snow
Legal Services *		Not required
Other Services		
Chief Executive(s)	23/11/21	Chris Elliott
Head of Service(s)	23/11/21	Mike Snow
Section 151 Officer		
Monitoring Officer		
CMT (WDC)	23/11/21	Chris Elliott / Tony Perks
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to :Cabinet / CouncilCommittee
Contrary to Policy/Budget framework	23/11/21	No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	23/11/21	No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	23/11/21	No
Accessibility Checked?		File/Info/Inspect Document/Check Accessibility

Title: Annual Governance Statement 2020/21 Action Plan: Review of Progress

Lead Officer: Richard Barr

Portfolio Holder: Councillors Day and Hales

Wards of the District directly affected: None directly impacted

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 set out in its Annual Governance Statement 2020/21. 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 2020/21 details the progress in addressing the Significant Governance Issues.

1 Background

1.1 Corporate Governance in Local Authorities

1.1.1 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)

1.1.2 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.

1.2 **Annual Governance Statement**

1.2.1 The production of an Annual Governance Statement is a statutory requirement for local authorities (Regulation 6 of The Accounts and Audit (England) Regulations 2015).

1.2.2 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.

1.2.3 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.

1.3 **The Significant Governance Issues**

1.3.1 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 2020/21.

1.3.2 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 the WDC members of the Joint Management Team at a recent meeting.

2 **Alternative Options available to Committee**

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

3 Consultation and Members' comments

- 3.1 Include any comments received in response to the consultation on the report.
No comments received.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

- 4.1.1 Include a summary of the legal or human rights implications of the proposal.
Not applicable.

4.2 Financial

- 4.2.1 Include a summary of the financial implications of the proposal.
Not applicable.

4.3 Council Plan

4.3.1 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.

4.3.2 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.

4.4 Environmental/Climate Change Implications

- 4.4.1 Effective corporate governance can assist the Council achieve its environmental and climate emergency objectives.

4.5 Analysis of the effects on Equality

- 4.5.1 Effective corporate governance can help the Council achieve its equality obligations.

4.6 Data Protection

- 4.6.1 Effective corporate governance can help the Council achieve its data protection objectives.

4.7 Health and Wellbeing

- 4.7.1 Effective corporate governance can help the Council achieve its health and wellbeing objectives.

5 Risk Assessment

- 5.1 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.

6 Conclusion/Reasons for the Recommendation

- 6.1 The report details the progress that is being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement 2020/21. 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.

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.

All Papers referred to in this report are published documents.

Supporting documents:

Minutes of JMT.

Report Information Sheet

Committee/Date	Finance & Audit Scrutiny Committee – 8 December 2021	
Title of report	Annual Governance Statement 2020/21 Action Plan: Review of Progress	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)		
Portfolio Holder WDC & SDC *		25/11/2021
Financial Services *		
Legal Services *		
Other Services		
Chief Executive(s)		19/11/2021
Head of Service(s)		19/11/2021
Section 151 Officer		19/11/2021
Monitoring Officer		19/11/2021
CMT (WDC)		19/11/2021
Leadership Co-ordination Group (WDC)		19/11/2021
Other organisations		
Final decision by this Committee or rec to another Cttee/Council?		The former.
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?		File/Info/Inspect Document/Check Accessibility

WDC Annual Governance Statement 2020/21: Action Plan for Governance Issues

Review of Progress

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Position as at mid-August 2021	Position as at mid-November 2021
7.1	There are clearly major risks associated with the proposal to merge Warwick District Council and Stratford-on-Avon District Council. A comprehensive joint Risk Register in relation to this project needs to be prepared and monitored.	Corporate Management Team	It has been agreed that the Council's Significant Business Risk Register will be updated to include a specific additional entry regarding the merger. This will be included for the next time the SBRR is reviewed.	The SBRR has been updated to include reference to the Programme Implementation work and a specific risk register relating to the merger has been produced. It is monitored by the Programme Board and has been reported to the Overview & Scrutiny Committee.
7.2	Business Continuity Plans have been neglected during the pandemic. In the light of extensive homeworking service business continuity plans need to be reviewed and updated.	Corporate Management Team	This review needs to be scheduled amongst all the other work that is being planned and as services are coming together with SDC, it is anticipated that this exercise should be done jointly.	As part of the Service Area Planning process for 2022/23, Joint Management Team will revise the Business Continuity Plans so that they reflect the fact that Services are now managed by a single Head of Service. This work will be completed by end of June 2022.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Position as at mid-August 2021	Position as at mid-November 2021
7.3	The range and content of performance data that councillors receive is under review. As part of this, the review needs to consider how best Councillors can fulfil their scrutiny role of contract registers, service risk registers and performance data to ensure that the information can be accessed by Councillors and brought forward for detailed scrutiny as deemed necessary.	Corporate Management Team	This review needs to be scheduled amongst all of the other work that is being planned and as services are coming together with SDC, it is anticipated that this exercise should be done jointly.	This is an ongoing piece of work through engagement with the Overview & Scrutiny Committee. It will be completed by end of June 2022. In the meantime it should be noted that Councillors now have access via the intranet to contract registers, service risk registers and audit reports in order to fulfil their role. They will receive quarterly reminders on how to access this data and how best to raise questions comments and possibility for scrutiny.

Title: Internal Audit Progress Report: Qtr. 2 2021/22
Lead Officer: Richard Barr
Portfolio Holder: Councillor Hales
Wards of the District directly affected: None directly impacted

Summary

The Report advises on progress in achieving the Internal Audit Plan 2021/22, summarises the audit work completed in the second 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. 2.1 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. 4.2)
 - 1.4 That Appendix 4, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 5.3)
-

1 Background

- 1.1 Members have responsibility for corporate governance, of which internal audit forms a key part.
- 1.2 Finance and Audit Scrutiny 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.
- 1.3 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.

3.4 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.

3.5 The following sections provide information to satisfy these requirements.

2 Progress Against Plan

2.1 At the start of each year Members approve the Audit Plan setting out the audit assignments to be undertaken. This year's Audit Plan had to be revised due to the impact of the Coronavirus Pandemic. A revised Audit Plan was approved by Members on 30 September. A detailed analysis of progress in completing the Audit Plan for 2020/21 is set out as Appendix 2.

3 Assurance

2.1 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.

2.1 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.

These definitions have been developed following extensive investigation of other organisations' practices (including commercial operations).

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

4.1 Six audits were completed in the second quarter of 2021/22. The Internal Audit reports arising from them are available for viewing on the online agenda for the meeting.

4.2 The action plans accompanying these reports are set out for separate scrutiny as Appendix 3. This details the recommendations arising together with the management responses, including target implementation dates. As can be seen in the Appendix, responses have been received from managers to all recommendations that were made.

5 Implementation of Recommendations Issued Previously

- 5.1 As set out in the Quarter 1 report, a new method of following up on recommendations has recently been implemented. Rather than seeking to determine the implementation status of recommendations after a set period (either three or nine months, depending on the risk rating assigned to the recommendation), the recommendations are now followed up once the implementation date has passed. Officers are also now able to provide an update as soon as they have completed the agreed action, as opposed to waiting to be chased for a response.
- 5.2 This report contains the remaining recommendations that were due to be followed up under the old process where the implementation date has already passed in addition to those that were due to be completed within this quarter. In future, the only reference to recommendations from the previous financial year will be in relation to the recommendation that has an updated target date (see below).
- 5.3 The state of implementation for all relevant recommendations is set out in Appendix 4, including one recommendation where only a partial response has been forthcoming.
- 5.4 This relates to recommendation where JMT as a whole are shown as the responsible officers although there is a need for each member of the group to confirm that it has been completed. Five members of JMT have, as the time of writing, confirmed that they have undertaken the action.
- 5.5 Where officers have not completed the recommendation in line with the original target date, they are now being asked for a new date by which the agreed action will be completed. If this is not met, this will be flagged separately in future reports to Finance & Audit Scrutiny Committee (with, as per usual protocol, the option of Members asking the officers to attend to explain the lack of progress).
- 5.6 Five recommendations have now got amended target dates. In one case, the agreed action had not been completed due to the work required by another organisation. In three other cases, completing the action is behind schedule as the work needs to take into account the Stratford aspects of the work as well. The final case relates to the recommendation covered in 5.4 above, with a revised target date being set by which other members of JMT have been asked to respond.

6 Review

- 6.1 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.

7 Alternative Options available to Committee

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

8 Consultation and Members' comments

- 8.1 Include any comments received in response to the consultation on the report.
No comments received.

9 Implications of the proposal

9.1 Legal/Human Rights Implications

- 9.1.1 Include a summary of the legal or human rights implications of the proposal.
Not applicable.

9.2 Financial

- 9.2.1 Include a summary of the financial implications of the proposal.
Not applicable.

9.3 Council Plan

9.3.1 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.

9.3.2 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.

9.4 Environmental/Climate Change Implications

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

9.5 Analysis of the effects on Equality

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

9.6 Data Protection

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

9.7 Health and Wellbeing

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

10 Risk Assessment

10.1 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.

11 Conclusion/Reasons for the Recommendation

11.1 The report sets out progress in achieving the Internal Audit Plan 2021/22, summarises the audit work completed in the second quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit. This will aid effective governance within the Council.

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.

All Papers referred to in this report are published documents.

Supporting documents:

Internal Audit Reports.

Report Information Sheet

Committee/Date	Finance & Audit Scrutiny Committee – 8 December 2021	
Title of report	Internal Audit Progress Report: Qtr. 2 2021/22	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)		
Portfolio Holder WDC & SDC *		26/11/2021
Financial Services *		
Legal Services *		
Other Services		
Chief Executive(s)		19/11/2021
Head of Service(s)		19/11/2021
Section 151 Officer		19/11/2021
Monitoring Officer		19/11/2021
CMT (WDC)		19/11/2021
Leadership Co-ordination Group (WDC)		19/11/2021
Other organisations		
Final decision by this Committee or rec to another Cttee/Council?		The former.
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?		File/Info/Inspect Document/Check Accessibility

Guidance on the Role and Responsibilities of Audit Committees

Public Sector Internal Audit Standards 2013

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 shortcomings 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.

9 Traits of an effective Audit Committee: Institute of Chartered Accountants in England & Wales – Technical Guidance

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 2021/22: Quarter 2**Analysis of Performance****Time Spent: Audit Plan – Planned Vs Actual**

ACTIVITY	ANNUAL ALLOCATION (DAYS)	PROFILE ALLOCATION (DAYS)	ACTUAL TO DATE (DAYS)	VARIATION (DAYS)
<i>Planned Audit Work</i>	339.0	169.5	132.1	+37.4
<i>Other Time</i>				
Sundry audit advice	20.0	10.0	7.2	+2.8
Contingency audit work	20.0	10.0	17.0	-7.0
Contingency non-audit work	14.0	7.0	0.8	+6.2
Other work	15.0	7.5	11.2	-3.7
Principal Internal Auditor non-audit work (incl. NFI)	70.0	35.0	22.9	+12.1
Non-chargeable activities	178.0	89.0	126.3	-37.3
Leave and other absences	139.0	69.5	83.2	-13.7
<i>Total Other Time</i>	456.0	228.0	268.6	-40.6
<i>Total Time</i>	795.0	397.5	400.7	-3.2

Time spent: Assignments Completed – Planned Vs Actual

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)
Housing Benefit & Council Tax Reduction	10.0	8.9	+1.1
Housing Repairs & Maintenance	13.0	13.0	0.0
Test and Trace Scheme	8.0	8.0	0.0
Statutory Monitoring Functions	10.0	9.0	+1.0
Refuse Collection and Recycling	10.0	10.1	-0.1
Street Cleansing	10.0	10.1	-0.1

Explanation for variances greater than 2 days (unless within 20%):

Not applicable.

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	10.5	30	8	22.9	-2.5	-23.8

**Summary of Recommendations and Management Responses from Internal Audit Reports
issued Quarter 2, 2021/22**

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date (TID)
Housing Benefit & Council Tax Reduction – 17 September 2021				
4.2.2	Sample testing of changes to universal credit should be undertaken to ascertain if the DHPs need to be amended.	Low	Benefits and Customer Services Manager	The Benefits and Customer Services Manager will request that the Benefits Team Leaders undertake a percentage check for accuracy. The results should be reviewed after three months to determine whether more in-depth checking is required. TID: Start date 01/10/2021
Housing Repairs & Maintenance – 10 September 2021				
4.2.1	Ripplestone reports should be modified to include the 'Urgent' job priority type.	Low	Data Coordinator	Agreed – post is currently vacant but seeking to recruit in near future. TID: December 2021

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 Rating¹	Responsible Officer	Management Response and Target Implementation Date (TID)
4.2.1	Contractors should be reminded to immediately update WDC on any issues which result in a delay to the repair process.	Low	Head of Assets / Compliance Manager	Will be included in mobilisation discussions as part of extension of Axis contract from April 2022. TID: April 2022
4.2.2	A review should be carried out to identify and initiate enforcement action on all outstanding recharges within the 6-year limitation period.	Low	Landlord Services Manager / Landlord Operations Manager	Policy & Procedure to be written and introduced following consultation with partners at Legal Services, that details arrears recovery relating to rechargeable repairs. TID: January 2022
4.3.1	The Council should develop a robust procedure for dealing with instances where reasonable requests for access are refused. These cases should be escalated until remedial action has been completed and every effort should be made to recover the costs of this exercise from the tenant.	Medium	Assets Manager / Landlord Services Manager	Assets working with Housing to implement. TID: April 2022
4.3.1	A full review of all cancelled jobs should be undertaken to ascertain the current status of each case.	Medium	Compliance Manager / Business Support Manager - Housing	Records available of jobs closed down as part of COVID restrictions and these will be cross checked against new jobs raised. TID: December 2021

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date (TID)
4.3.1	Repair and Maintenance staff should be instructed on aspects of the Repairs process of interest or relevance to other service operators.	Low	Business Development and Change Manager – Housing / Compliance Manager	Review of those individuals and services that have access to ActiveH and change access as appropriate. TID: December 2021
4.5.1	The Council website should be updated to reflect current COVID-19 guidance regarding carrying out repair works.	Low	Business Support Manager – Housing / Compliance Manager	Discussions have taken place to update all Housing pages on the website – change have been made. TID: Complete.
Test and Trace Scheme – 17 September 2021				

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date (TID)
4.3.1	All data relating to applications should be saved in the Test and Trace database.	Low	Benefits and Customer services Manager	I do not have the resource to go back and save all the information in the database. (I have contacted ICT to check that the same level of security exists on all servers where T and T information is held.) However, a team member has attended a surgery with the DHSC and, coincidentally, this is a question that Sam Lowe, the senior policy advisor for the test and trace scheme, raised with his managers. His view is the same as ours i.e. that we should be able to delete the evidence once the claims have been audited and just retain the applications. Mr Lowe will update us as soon as he receives a response. I will therefore be able to update this recommendation to reflect that - hopefully by the end of the calendar year. TID: End December 2021
4.4.1	The Council should establish a communications strategy to share the details of the Test and Trace support scheme as widely as possible.	Low	Benefits and Customer services Manager	Agreed. TID: 19 November 2021
Statutory Monitoring Functions – 13 September 2021				
4.2.2	Ensure that the website links to the appropriate set of fees.	Low	Environmental Protection Team Leader	Environmental Protection Team Leader to arrange that this is set up with the Website Service Manager.

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date (TID)
4.2.2	Ensure that there is a consistent approach to the removal of environmental permits from the list held on the website where permits have been revoked or surrendered.	Low	Environmental Protection Team Leader	Environmental Protection Team Leader to advise the Senior Environmental Health Officer of this requirement and monitor through routine 1-2-1's. TID: 30 November 2021
4.5.2	The Council should investigate entering into an arrangement with another local authority that operates a crematorium to perform joint visits to ensure that there is appropriate 'oversight' of the inspections undertaken.	Low	Environmental Protection Team Leader	Discussed with line manager the option to liaise with counterpart in Rugby who have agreed to provide 'peer review' by way of a reciprocal arrangement. TID: 31 March 2022
4.2.2	Ensure that the website links to the appropriate set of fees.	Low	Environmental Protection Team Leader	Environmental Protection Team Leader to arrange that this is set up with the Website Service Manager. TID: 31 January 2022
Refuse Collection and Recycling – 7 September 2021				
Despite a comprehensive review (see Report on this agenda) there are no recommendations arising from the audit.				
Street Cleansing – 7 September 2021				
Despite a comprehensive review (see Report on this agenda) there are no recommendations arising from the audit.				

Appendix 4

Current Implementation Position for Recommendations Due for Completion by End of Quarter 2 2021/22
(including those not previously followed up under the previous process)

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Corporate Training (2020/21 Audit)				
Corporate Training should continue to remind SMT and senior managers of the importance of recording the appraisal documents.	With the new Performance Module of the HR/Payroll system being implemented July 2021 this will form part of a more empowered service for Managers to monitor within their own teams.	Jul-21	31 March 2022	At present, the performance management system is on hold with WCC doing further testing on it to ensure that it is fit for purpose and does not need updating further down the line. There is no set date at present for when this work will be undertaken.
Communications (2020/21 Audit)				
Guidance notes covering interaction with the media should be reviewed regularly and, where necessary, updated and re-issued.	Guidance notes for dealing with the media will be reviewed and updated on the media team intranet pages.	Ongoing from July 2021	Not applicable.	This has been reviewed and continues to provide suitable information for councillors. The target is ongoing, so it will continue to be reviewed.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Tenancy Management (2020/21 Audit)				
All relevant documentation should be stored and recorded correctly to show that the Council is compliant with the tenancy agreement.	The Landlord Operations Manager is working on a set of procedures for Officer's to follow, relating to all functions of the Landlord Operations Team. These procedures will include storing of documents.	Jul-21	Not applicable.	A number of new procedures have been implemented which include full details of system updates and where relevant documentation needs to be stored.
All relevant documentation should be stored and recorded correctly to show that the Council is compliant with the tenancy agreement.	Housing Services will review the use of IT equipment which could save straight to Active H using whilst on site, using devices such as iPads.	Sep-21	Not applicable.	New procedures in place which detail where documents should be stored for consistency. Early developmental progress with use of Total Mobile for possible use in field in future.
Information Governance (20/21 Audit)				
A review of relevant contracts should be performed where contractor staff have access to Riverside House or other relevant Council properties to ensure that appropriate reference is made to data security.	Contract managers will be asked to review their contracts to ensure that the need for data security has been appropriately considered in each case.	Sep-21	Dec-21	To date, five members of JMT have confirmed that the contracts within their Service Area have been appropriately reviewed with regards to data protection and security. It was highlighted in one response that data security (is now) a prominent part of the procurement process as contracts are tendered. Other priorities have meant that the exercise has not achieved the initial target date for all Services but the need to achieve the revised date will be emphasised.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<p>Management should take into account the health and wellbeing of staff in relation to current working conditions and the information governance implications of staff working in 'shared spaces' when taking decisions on future office needs.</p>	<p>These aspects will be given due consideration (in conjunction with relevant staff, such as HR and the Information Governance Manager) when future office needs are being considered.</p>	<p>Sep-21</p>	<p>Not applicable.</p>	<p>Health and Wellbeing is included and considered in departmental management team meetings, JMT and the Workforce Steering Group. It is also considered by the Health Officers Group and has been given full consideration in the 'Return to RSH' working group.</p> <p>ICT have facilitated all staff being provided with a headset, allowing them to maintain the privacy of conversations in an open environment.</p> <p>If required, ICT can also provide screen filters which obscure information from any passing observation, facilitating viewing only from a direct position. These filters however are not in general use as they are both very expensive and can have complications for users – such as causing headaches due to the blurriness the screens introduce.</p> <p>Private working spaces have also been made available where staff can take their laptops and Wi-Fi coverage has been improved to ensure these spaces are adequately covered.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<p>A review of work-issued devices (such as mobile phones) should be performed to ensure that they are suitable for the work now being performed at home (or other 'off-site' locations).</p>	<p>ICT Steering Group will be asked to perform a review of devices currently in use and to identify the resourcing implications of providing replacement devices where necessary.</p>	<p>Sep-21</p>	<p>31 March 2022</p>	<p>A formal review of the Council's mobile telephony service is currently being undertaken in conjunction with Stratford District Council.</p> <p>Work has been done to identify the requirements of service areas across both authorities in terms of devices and data/voice need, to ensure that they are fit for purpose. This has involved directly consulting with service managers, facilitated by the SDC Ways of Working team. We are also looking at the configuration of the devices, to ensure that we meet best practice guidelines issued by NCSC and remain useable for staff.</p> <p>The mobile phones will be subject to a joint procurement exercise and roll out early in 2022. This is behind schedule for the original target but will be completed by the end of Q4 2021/22.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Cyber Security (2020/21 Audit)				
<p>A formal Network Monitoring Policy and supporting operational procedures should be documented. The policy should set out the scope of the monitoring activity; for example, specifying the infrastructure logs that are relevant, roles and responsibilities and the reporting and follow up processes needing to be carried out.</p>	<p>ICT can review its network monitoring and logging processes in line with the latest guidance from NCSC. An appropriate policy and process will be produced for consideration by the ICT Steering Group.</p>	<p>Sep-21</p>	<p>31 March 2022</p>	<p>ICT currently has an active workstream to look at the effective use of logging and reporting. Tools for this have existed within the service for a long time but have not been used as efficiently as possible to monitor key events.</p> <p>Guidance provided by NCSC is being used to develop the logging process and identify critical items. The work will be reviewed further in conjunction with SDC.</p> <p>This requirement should be fully addressed by the end of Q4, 2021/22.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<p>Reviews should be conducted of the relevant Third-Party remote access policies, their related procedures and the remote working policy for staff and members. A regular review of the policies should be undertaken on an appropriately regular basis.</p>	<p>A number of ICT's key operational policies have not been reviewed according to the normal schedules, principally due to the impact of COVID-19 on capacity to carry out the work and the absence of key staff within the service. The Council's overall remote working and access policy requires a review to ensure that it takes account of the changed circumstances of WDC, where more staff are working remotely than ever before. A review of supplier remote access will also be undertaken to ensure that appropriate safeguards are in place and effective monitoring is operational.</p>	<p>Sep-21</p>	<p>31 March 2022</p>	<p>As part of the forthcoming merger process with Stratford District Council, work continues to progress on harmonising ICT policies. The Council's overall Remote Working and Access Policy and Supplier Remote Access Policy will be undertaken as per the recommendations and will be completed by the end of Q4 2021/22.</p>
<p>Corporate Governance (2021/22 Audit)</p>				
<p>DSE information and advice be made readily available to staff working from home or remotely.</p>	<p>Health and safety page to be reviewed and updated with current advice.</p>	<p>Jul-21</p>	<p>Not applicable.</p>	<p>All actions and recommendations completed and checked with the auditor to ensure satisfactory.</p>

FROM: Audit & Risk Manager **SUBJECT:** Refuse Collection and Recycling

TO: Head of Neighbourhood Services **DATE:** 7 September 2021

C.C. Chief Executive
Deputy Chief Executive
Head of Finance
Contract Services Manager
Contract Development and Enforcement Officer
Portfolio Holder (Cllr Rhead)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, 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 waste and recycling services contract was let as part of a large exercise covering a number of different services provided by Neighbourhood Services. The new contract was awarded to Sita and commenced in April 2013. Sita UK were the Recycling and Waste Recovery UK division of Suez Environmental, they now operate as SUEZ. The current value of the contract is around £2m a year.
- 2.2 Client-side management of the contract is carried out by staff in the Contract Services section of Neighbourhood Services.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has been in place by WDC Internal Audit since only the start of this financial year following an external review of the function.
- 3.3 The audit followed the standard contract monitoring programme. The scope included:

- Contract award
- Service provision and monitoring
- Contract amendment and variations
- Finance
- Contingency planning and risk management

3.4 Potential risks were also identified in the Significant Business Risk Register, the departmental risk register, and discussion between the Internal Auditor, the Contract Services Manager and the Contract Development and Enforcement Officer. These were incorporated into the standard programme.

3.5 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:

- Helps to achieve external green, clean and safe corporate objectives by effectively managing the delivery of the waste collection contract.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the audit reported in September 2017 was also reviewed. The current position is as follows:

Recommendation	Management Response	Current Status
1 Reporting of complaints should show the number of complaints received for refuse collection and recycling, how quickly they were resolved and whether this was to the satisfaction of the customer.	The performance monitoring reports only show the number of formal complaints at departmental level and not for individual services within each department. There are very few formal complaints received in relation to refuse collection and recycling, so it is not thought that this information is required in the reports. Issues raised by customers such as missed collections etc. that do not reach the formal complaint stage are separately monitored with measures being included in the team operational plan.	There are rarely formal complaints about refuse collection and recycling. Most complaints are resolved within five working days and therefore do not reach formal complaint stages. Statistics are monitored and reviewed regarding missed collections and these are shared quarterly as part of the service area measures and discussed with the contractors at monthly meetings.

4.2 **Contract Award**

4.2.1 **The contract may not have been awarded to the most appropriate company or followed an inappropriate tendering exercise.**

The contract for waste management has been in place since 2013 and therefore the procurement and letting processes have been covered in previous audits so the testing has not been completed as part of this audit as the findings would remain the same.

The contract was due to end in March 2021, but an extension was sought and agreed to allow alignment with Stratford District Council for a joint waste contract from Aug 2022. Relevant documentation and terms have been updated and signed accordingly and the correct process has been followed allowing the one-year extension of the contract.

4.3 **Service Provision and Monitoring**

4.3.1 **Staff may be unaware of what the council aims to achieve in relation to the services that are being provided.**

The terms of the contract are clearly set out within the agreement and accompanying method statements. The information provided in the documents is detailed enough for the contractors to understand what is expected of them and to allow the contract officer to manage and monitor all aspects of the contract.

There are various measures and key performance indicators included in both the contract documents and the service area plan. These include monitoring of the number of missed collections reported and the time taken to rectify it, ensuring it is within the contractual timeframes.

4.3.2 **Contractors may not be aware of the services to be provided.**

As mentioned above (para. 4.3.1) method statements are provided with the contract documents. These were agreed before the contract was signed to ensure the Council's needs and requirements are met. The statements are clear and set out how the contractors will meet the conditions of the contract and the expectations of the Council.

4.3.3 **Works may not be undertaken to agreed standards.**

There is a nominated contract manager in place to oversee the management of the contract. Day to day monitoring and liaison is completed by a contract officer.

The contract not only sets out the required standards and comprehensive schedules there are also default penalties detailed should the contractor fail to meet the standards within set timeframes.

Meetings are held with the contractors on a monthly basis with the contract manager and / or a contract officer. The meetings have an agenda and minutes

are taken. The agenda has standard items which include performance measures, complaints, and actions from the last meeting.

In addition to the meetings, performance statistics are gathered and monitored. They collate reports of missed collections and the time taken to resolve them. These are monitored on a more frequent basis within the contract management team and shared quarterly as part of the service area plan measures. The statistics provided for the audit show that for the current financial year over 95% of missed collections are rectified within the same working day. The contract allows up to five working days, so performance is well within the required standards.

Customer satisfaction surveys are not carried out. Feedback is gathered through reports of missed collections or complaints. Additional feedback is not sought as the responses could be difficult to manage with customers potentially wanting a more bespoke service; examples could include: more or less frequent collections, only wanting to use one bin, wanting to pay less towards collections and so on.

Over the last twelve months there have been 37 complaints logged regarding waste management. The way complaints are logged means some of the complaints are about other waste contracts not just the waste contract. Complaints include: noise of bin lorry, dangerous driving, missed collections and recycling boxes/bin put out or returned to the wrong place. The complaints are resolved within an average of five working days. The three outstanding complaints on the system are regarding other contracts so further investigations have not been completed as part of this audit.

On reviewing the complaints logs, the minutes from meetings and the statistics that were obtained, no substandard work was identified. Complaints and concerns are resolved quickly and missed collections are rectified within the timeframe specified in the contract. Actions raised in the meetings are relevant and allow the service improvements. One recent action regarding clinical waste allowed the team to identify a number of locations which no longer required collections which meant they could be removed from the list saving them time on waste collection rounds.

4.4 Contract Amendments and Variations

4.4.1 Permanent changes to the contracts may not be formally agreed.

There have been very few permanent variations to the contract since the last audit, this has included an update to data protection to incorporate GDPR legislation and the update for the contract extension. Electronic and hard copies of the updates are retained by the Council and signed by all relevant parties.

4.4.2 The council may be paying for work that has not been previously agreed.

There have been several ad-hoc works undertaken. A spreadsheet is maintained which documents the work, the costs and which cost code the invoice will be paid by. The ad-hoc work is requested for and authorised by an appropriate

contract officer. Ad-hoc work often involves additional bins and collections for other services areas such as events. In these cases the events team will be recharged for the work.

4.5 **Finance**

4.5.1 **Budget variances may not be limited as the budgets may not be set appropriately in line with known areas of income and expenditure.**

The budgets are set appropriately according to the contractual amount and taking into account previous spend. This financial year there has been some over-spend where unplanned costs have been incurred. These costs have been for ongoing Covid-19 related spending, additional legal fees for negotiations of the contract extension and legal support for an issue at the depot. Other budgets are healthy with spending at or below the level expected at this point in the financial year.

4.5.2 **The council may not be aware of any potential budget variances.**

The budget position is reviewed regularly with monthly check-ins between the contract manager and the nominated accountant. Where variations are identified reasons and actions are discussed and noted. The contract manager is aware of the current overspend and was able to provide reasons for this (see para. 4.5.1).

4.5.3 **Payments may not be valid and accurate or not processed in accordance with the appropriate conditions of contracts.**

The work carried out by contractors is not checked for this contract. There are monthly reviews and meetings, as mentioned in para. 4.3.3, that allow the opportunity to discuss any concerns or complaints received. Missed deliveries are reported by members of the public and these reports form part of the statistics gathered to help monitor the contract. Due to the nature of the contract, checking the standard of work completed is unnecessary as members of the public will report any missed collections or sub-standard work. That said, ad-hoc checks are completed by the contract management team.

Payments are made on a monthly basis to the contractor. The payments include a standard monthly amount to cover the annual contract sum and any ad-hoc work completed. The payments are authorised appropriately by the contract manager.

4.6 **Contingency Planning & Risk Management**

4.6.1 **Contingency plans may not exist to ensure that the service can continue to be provided.**

The method statement within the contract sets out the contingency plans. An updated business continuity plan was shared in response to the Covid-19 pandemic. This detailed expected communications between the contractors and the Council and set out guidelines and reporting procedures in line with the government guidance and restrictions in place. The continuity plan is thorough

and detailed including HR and payroll processes, operational plans and measures, travel arrangements and symptom reporting.

4.6.2 The council may be financially disadvantaged should the contractor fail to provide a service.

A performance bond is held for ten percent of the annual contract sum, £209,002. The bond is signed and both a hard copy and electronic copy are held by the Council. The original bond held expired when the contract was due to end in March 2021. When the contract was extended a renewal of the bond was obtained, for the same value, expiring in March 2022. This bond helps to safeguard the Council against financial loss should the contractor fail.

4.6.3 The council may be liable for any claims received due to the work of the contractor.

Up-to-date copies of the insurance documents were made available on request for the audit. The insurance in place expires in December 2021 and provides the minimum cover as specified in the contract. This includes employers liability for £25m, which is well above the required £5m stated in the contract. Other insurances held are at or above the contractual required amounts and include vehicle insurance and public and product liability.

The Contract Development and Enforcement Officer is responsible for obtaining up to date insurance documents and retaining copies for the Council.

4.6.4 The council may not be aware of the risks in relation to the services provided (where it retains responsibility) and has not taken steps to address them.

The Neighbourhood Services risk register is currently undergoing an update. The draft document was shared for the purpose of this audit. The register identifies generic contract management risks such as service disruption, contractor failure and health and safety issues for both staff and members of the public. There are also risks identified specific to the audit area including loss of depot and lack of appropriate disposal sites. The updates to the register incorporate risks associated with the Covid-19 pandemic and associated restrictions. Appropriate actions are in place to help reduce, remove, or share the risks such as insurance, regular liaison and reviews of continuity plans.

4.6.5 The contractor may not be aware of the risks in relation to undertaking the contracted services and has not taken steps to address them.

Copies of the contractors risk assessments were shared for the audit. There were 33 in the folder covering a wide range of risks both at the depots and when working within the district. There were both generic risk assessments for risks such as manual handling and fire procedures as well as role-specific risk assessments for traffic management and handling and disposal of clinical waste. The risk assessments are easy to understand and clearly set out making it easy to find the appropriate risk assessment for the situation. The risk assessments are all dated and have review dates logged.

The Contract Development and Enforcement Officer is responsible for obtaining up-to-date risk assessments from the contractor and retaining copies for the Council.

5 **Conclusions**

5.1 Following our review, in overall terms we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Refuse Collection and Recycling are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

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 controls that do exist.

5.3 There are no recommendations arising from the review and therefore no action plan is included with this report.

Richard Barr
Audit & Risk Manager

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager **SUBJECT:** Statutory Monitoring Functions

TO: Head of Community Protection **DATE:** 13 September 2021

C.C. Chief Executive
Deputy Chief Executive (TP)
Head of Finance
Environmental Health and
Licensing Manager
Environmental Protection Team
Leader
Portfolio Holder (Cllr Falp)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, 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.
- 1.3 Due to the ongoing impact of COVID-19 and current working practices, a slightly different approach has been taken to complete the audit with staff generally being interviewed via MS Teams, email and phone.

2 Background

- 2.1 The audit previously covered Environmental Protection Functions but has been split between Statutory Monitoring Functions and Nuisance & Other Protection Duties.
- 2.2 The specific areas to be covered under this audit were Air Quality Monitoring, Environmental Permits and Contaminated Land.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management and financial controls in place. This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has only been in place

since the start of this financial year following an external review of the function.

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

- Insufficient budget to enable statutory functions to be undertaken
- Permit fees due are not received
- Procurement of consultant / appointment of staff member (value for money)
- Failure to undertake statutory functions in line with the Environmental Protection Act (1990) and associated legislation
- Failure to identify legislative changes
- Air quality is not managed leading to adverse press coverage
- Failure to improve air pollution (NO₂) levels
- Missed reporting deadlines for the Annual Status Report leading to being named and shamed
- Failure to maintain contaminated land database
- Staff are asked to issue permits or not take enforcement action when issues are identified
- Failure to take enforcement action against the Council in relation to the Council's failure to comply with their environmental permit held by the Crematorium
- Lone working
- Working at height
- Staff abused when undertaking site visits
- Reliance placed on inappropriate information provided by others (e.g. contaminated land data supplied)
- Breakdown of affiliated AURN monitoring station (Hamilton Terrace).

3.3 These were drawn from a combination of risks identified in the Significant Business Risk Register, the departmental risk register, and discussion between the Internal Auditor and the Environmental Protection Team Leader (EPTL).

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:

- External – People strand re Health, Homes & Communities
- External – Services strand re Green, Clean & Safe.

3.5 Specifically, without appropriate monitoring and management of different types of pollution there may be an impact on health for all residents and visitors and air quality may be adversely affected.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 There were no recommendations raised in the last audit of Environmental Protection Functions, so this section is not relevant.

4.2 **Financial Risks**

4.2.1 **Insufficient budget to enable statutory functions to be undertaken.**

The Environmental Health & Licensing Manager (EHLM), who has recently taken over responsibility for the relevant budgets, advised that the Head of Community Protection (HCP) hosts monthly budget meetings with the Finance Support Officer (FSO) coordinating. Budget managers attend as and when required with records of the actions arising from those meetings, in terms of any 'issues' being noted.

Due to the level of detail in the notes and the fact that the EHLM has only recently taken on responsibility for the budgets, no detailed testing was thought to be warranted to look at budget variances.

However, as at the time of the previous audit, it was noted that some of the relevant income (re environmental permit fees) still sits under a different budget code (Community Safety), which is the responsibility of a different budget manager, although the EHLM advised that she has access to all relevant budgets. This 'issue' was flagged with the team that are implementing the new finance system so that they can build the coding structure accordingly.

4.2.2 **Permit fees due are not received.**

The (relevant) Senior Environmental Health Officer (SEHO) advised that there is a list of all relevant environmental permits on the Council's website. Whilst there is a specific page on the website relating to environmental permits, the list is actually held within another section of the website (industrial emissions which is linked from the air pollution pages).

Advisory

Review the relevant pages of the website to allow for appropriate positioning of the associated pages or the inclusion of links.

He also provides a list of permits, along with the relevant fees to be charged, to the FSO on an annual basis.

The fees to be charged are set nationally, with the relevant fees being those set for 2017. However, the link included on the 'industrial emissions' page of the website links to the fees that are relevant to the permits issued by the Environment Agency (which is out of date as a new scale is now in place) as opposed to those issued by the Council.

Recommendation

Ensure that the website links to the appropriate set of fees.

Upon comparison of the two lists (i.e. the one on the website and the one provided to the FSO for fees), it was noted that there were a number of discrepancies. Some surrendered or revoked permits that were included on the fee list remained on the website (seven instances), whereas others didn't

(five instances). There were also two permits on the website list that were not included on the fee list.

The SEHO advised that one of these (permit 42 re Transco) now fell under the Environment Agency. The other was a new permit that had not come into force when the fee list had been drawn up (permit 81 re UKBIC).

Recommendation

Ensure that there is a consistent approach to the removal of environmental permits from the list held on the website where permits have been revoked or surrendered.

Testing was undertaken to ensure that invoices for the 'live' environmental permits had been raised appropriately (i.e. timely, to the correct debtor and for the correct amount) and that the invoices had been paid. This test proved satisfactory.

4.2.3 Procurement of consultant / appointment of staff member.

The EPTL advised that the procurement of the contract with Bureau Veritas for the submission of the Annual Status Report (ASR) was discussed with the Procurement Business Partner. He confirmed that a single quote process was appropriate, given the value of the contract.

Whilst searching for the contract details on the contract register, two other 'air quality' related contracts were identified.

One, for Air Quality Data, is with another local authority (Staffordshire County Council) and, as such, there is no requirement for a formal procurement process to be followed for this agreement.

The other is for Air Quality Monitoring and an exemption from tendering had been agreed in this instance due to the impact of COVID, with an extension being agreed to the existing contract in place with WeCare4Air.

In order to ensure that the Council will not be reliant on a consultant for the production and submission of the ASR in future, attempts are being made to appoint an Air Quality Officer. An advert is due to be placed shortly for this post, with the expectation being that interviews are held within six weeks and somebody being in post from September / October.

4.3 Legal and Regulatory Risks

4.3.1 Failure to undertake statutory functions in line with the Environmental Protection Act (1990) and associated legislation.

The EPTL advised that Environmental Health Officers within the team are required to complete training to maintain their CPD hours although this can be broad and not service specific.

Staff receive regular training although the training run tends to be optional as opposed to mandatory as certain staff deal with specialist areas so the training may not always be relevant for all staff.

If any specific training needs are identified, this would be covered during appraisals and recorded on the performance development plans as appropriate.

The EPTL also highlighted that, whenever training was attended, there was an expectation that any relevant notes / training material provided or areas of good practice would be disseminated at the next team meeting. However, this could not be evidenced as the meetings are not minuted.

Advisory

Team meeting minutes could be taken to provide a relevant record of topics discussed.

The training material provided is not currently stored in a shared directory. However, the EPTL thought that this was a good idea when raised and noted this for action.

In terms of 'staff availability' affecting service delivery, the EPTL suggested that there would potentially be restrictions on services or amended timescales but, fortunately, there had not been many vacancies etc. that have affected the provision of statutory services.

She did highlight one instance where a member of staff was to be 'diverted' onto a specific piece of work and consideration had been given to back-filling his role, but this was not ultimately undertaken as the main body of the work was completed before the role could be filled.

4.3.2 Failure to identify legislative changes.

The EPTL advised that a number of relevant staff are members of the Chartered Institute of Environmental Health so would receive relevant updates as part of their communications. The Council also participates in different 'networks' of local authorities who share updates, good practice and submit responses to any Government consultation etc.

If there are any formal changes, the notification would tend to go to the HCP and / or to the Environmental Health & Licensing Section Manager who would then cascade the information to relevant staff.

The EPTL highlighted that the main area of legislation at the moment that is due to be introduced is the new Environment Bill that is currently progressing through the House of Lords.

4.4 **Reputational Risks**

4.4.1. **Air quality is not managed leading to adverse press coverage.**

The Environmental Protection Technical Officer (EPTO) advised that there are three automatic monitoring stations across the district and a number of diffusion tubes. Two of the automatic stations are part of the DEFRA national network of sites, with the data being available in real time from their website, with one of these being 'adopted' from the Council.

The diffusion tubes (for monitoring levels of Nitrogen Dioxide) are not as accurate but are more affordable and are portable. These are changed on a monthly basis, with the tubes sent to a lab (Staffordshire County Council) for the data to be extracted.

The data is analysed for the year to see if 'targets' are being met, with the data being included in the ASR as required which highlights where any figures exceed the concentrations included in the Air Quality Regulations 1997.

The EPTO advised that the diffusion tubes can be relocated if required (e.g. if a member of the public raised concerns about a specific site) although she suggested that none had been moved for a couple of years. Details of changes of location are recorded on the raw data spreadsheet and would also be reflected in the ASR.

Consultation would also be undertaken in relation to new developments with responses from the relevant SEHOs, although developers would be pointed towards the Air Quality Supplementary Planning Document (SPD) that they are required to follow. The EPTO suggested that no monitoring has changed to date in relation to the new developments although this has been discussed.

4.4.2 **Failure to improve air pollution (NO2) levels.**

The EPTO advised that the work with Warwickshire County Council (WCC) in terms of traffic congestion is documented as part of the actions included in the Air Quality Action Plan (AQAP). There are seven actions included in the AQAP, with each one broken down into a number of proposed measures (34 in total). Each of these measures has a lead agency assigned to it, with any highways-related measures being the responsibility of WCC.

An annual monitoring meeting is held between staff from the Council and WCC, with the information they provide being used to inform the details in the ASR.

The Council also participates in the Coventry & Warwickshire Air Quality Alliance, with the EPTL normally representing the Council.

The ASR is published on the Council's website and is, therefore, available to all interested parties (including Members). The ASR for 2019 (covering the 2018 reporting year) had been reported to the Health Scrutiny Sub-Committee and it was envisaged that the 2020 report (covering 2019) would also be presented to them, but the Committee was disbanded. Instead it was discussed at the Health and Community Protection Programme Advisory

Board (PAB) and circulated to members of the Overview & Scrutiny Committee (O&S) although it was not formally reported to a meeting of O&S as none of the members asked for it to be added to the work programme.

The HCP advised that the 2021 report (covering 2020) will be circulated to members of the Community Protection PAB and O&S. The members can ask for the report to be discussed if they wish.

4.4.3 **Missed reporting deadlines for the Annual Status Report leading to being named and shamed.**

As suggested above, the Council currently has a contract with Bureau Veritas for the provision of the ASR. Upon review, it was confirmed that the contract is detailed appropriately in terms of the responsibility for the production of the report, including the deadlines for submission.

The EPTL confirmed that additional time for submission had been allowed by DEFRA due to the impact of COVID and that Bureau Veritas had submitted the report on our behalf.

4.4.4 **Failure to maintain contaminated land database.**

The guidance issued in relation to Part IIA of the Environmental Protection Act 1990 highlights that Local Authorities have a duty to inspect their area in order to identify contaminated land that might pose a risk of harm. The Council has a Contaminated Land Inspection Strategy in place that sets out how this duty was to be discharged which was last updated in 2015.

Advisory

Whilst the guidance under which the strategy sits is still in force, the Contaminated Land Inspection Strategy could be refreshed to ensure it references the correct Council strategies etc.

The relevant SEHO provided a copy of the investigation spreadsheet that summarises the risk scores for the identified land. Upon review, it was noted that the latest date included on the spreadsheet was 2015. The EPTO confirmed that this was the latest relevant update.

Other sites may also be identified as part of the planning process. Documentation relating to these sites is saved on the network, although the SEHO suggested that this hasn't been updated properly for a while so work is needed to catch up and then ensure that it is properly maintained.

He highlighted that one of the issues related to this is getting the relevant 'layer' updated on the GGP / GIS system as it is quite time consuming to get the relevant site plotted on the system. He advised that this is a known issue that has been flagged with management prior to the audit but it would need time and a better system. The EPTL confirmed that steps were now being taken to address the issue with a specific member of staff being tasked with tackling the backlog.

As it had been flagged that the details were not fully up to date but the issue was known, no testing was considered necessary.

4.5 **Fraud Risks**

4.5.1 **Staff are asked to issue permits or not take enforcement action when issues are identified.**

The HCP advised that she is the only person who can sign off a permit and, as part of that process, she would have oversight of the case details to confirm that it was appropriate.

In terms of enforcement action, she highlighted that the Council has, in some of the reviewed areas of work, a duty to take action (as opposed to the 'discretionary' power to take action). Case reviews are undertaken as part of one-to-ones with staff to ensure that the case had been appropriately dealt with. The EPTL provided examples of the emails sent where specific cases or pieces of work were being discussed as part of the one-to-ones.

4.5.2 **Failure to take enforcement action against the Council in relation to the Council's failure to comply with their environmental permit held by the Crematorium.**

The relevant SEHO advised that the idea of getting another local authority to undertake reviews of emissions at the crematorium is something that has been discussed.

He suggested that the main issue is that if a team from another council undertook the review, they have no authority and could not enforce any actions that needed to be taken.

The HCP confirmed that it is intended that an independent review from another local authority will be implemented, but she has not yet been able to reach an agreement with another council.

She also confirmed that it would still be up to the Council to take any enforcement action, unless 'cross-authorisation' could be agreed. However, the inspection and evaluation of the premises would be independent and documented.

Recommendation

The Council should investigate entering into an arrangement with another local authority that operates a crematorium to perform joint visits to ensure that there is appropriate 'oversight' of the inspections undertaken.

4.6 **Health and Safety Risks**

4.6.1 **Lone working.**

The EPTL advised that staff have been issued with the new SoloProtect ID which sits on the ID badge lanyards. She also highlighted that officers are

aware of the lone working policy and that there is regular reinforcement of the policy. There was also due to be a presentation to staff by the Council's Internal Health & Safety Officer.

She highlighted that staff were aware to contact her to check back in when they were working out of hours and that she would chase if she hadn't heard.

Various risk assessments are on AssessNet for lone working, including updated ones specifically relating to COVID.

4.6.2 **Working at height.**

The EPTL advised that the only 'working at height' would be in relation to the air quality monitoring. The EPTO advised that this mainly related to the NOx tubes although they were not very far above head height.

When ladders / step stools were required, there would be two staff there but the main monthly changes of the tubes would be undertaken using grab sticks, so working at height was very limited.

Risk assessments were found to be in place on AssessNet for the changing of NOx tubes as well as the monitoring stations at Hamilton Terrace and Rugby Road, with all of these covering working at height.

4.6.3 **Staff abused when undertaking site visits.**

The EPTL advised that all staff have access to the staff alert list and highlighted that some cases would be 'red flagged' on CIVICA APP so that staff were aware of potential issues.

The generic (pre-COVID) risk assessment on AssessNet was found to make reference to the need for consulting the staff alert list prior to undertaking site visits.

4.7 **Other Risks**

4.7.1 **Reliance placed on inappropriate information provided by others (e.g. contaminated land data supplied).**

The relevant SEHO advised that, as the contaminated land 'record' is not fully up to date (see above), they will always err on the side of caution when responding to planning enquiries etc., highlighting that there may still be a possible risk as opposed to saying that the site is safe.

In terms of checking against other sources of information, there will be a certain amount of local knowledge used as well as making use of Google etc. to see if there is anything in the history of the site.

4.7.2 **Breakdown of affiliated AURN monitoring station (Hamilton Terrace).**

The EPTO advised that the monitoring station is visited every four weeks to be calibrated. There is also a 'support' contract for servicing the station twice yearly which is also available for call outs in case of breakdowns.

DEFRA or the contractor may notice that data is wrong or is not being received. Council staff will then go to check if there is a specific issue and can call out the contractor.

5 **Conclusions**

5.1 Following our review, in overall terms we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Statutory Monitoring Functions are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

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 controls that do exist.

5.3 The issues that require further action are summarised below:

- The Council's website does not link to the correct scale of fees for environmental permits.
- There is a lack of consistency on the website in relation to whether surrendered or revoked environmental permits remain on the available list.
- There is no independent oversight of the work performed in relation to environmental permit inspections at the Council's own premises (i.e. Mid Warwickshire Crematorium).

5.4 Further, more minor, 'issues' were identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted and addressing these issues are discretionary on the part of the service.

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 Statutory Monitoring Functions – September 2021

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2	Financial Risks - Permit fees due are not received.	Ensure that the website links to the appropriate set of fees.	Low	Environmental Protection Team Leader	Environmental Protection Team Leader to arrange that this is set up with the Website Service Manager.	30 th November 2021
4.2.2	Financial Risks - Permit fees due are not received.	Ensure that there is a consistent approach to the removal of environmental permits from the list held on the website where permits have been revoked or surrendered.	Low	Environmental Protection Team Leader	Environmental Protection Team Leader to advise the Senior Environmental Health Officer of this requirement and monitor through routine 1-2-1's.	31 st March 2022
4.5.2	Fraud Risks - Failure to take enforcement action against the Council in relation to the Council's failure to comply with their environmental permit held by the Crematorium.	The Council should investigate entering into an arrangement with another local authority that operates a crematorium to perform joint visits to ensure that there is appropriate 'oversight' of the inspections undertaken.	Low	Environmental Protection Team Leader	Discussed with line manager the option to liaise with counterpart in Rugby who have agreed to provide 'peer review' by way of a reciprocal arrangement.	31 st January 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.

FROM: Audit & Risk Manager
TO: Head of Neighbourhood Services
C.C. Chief Executive
Deputy Chief Executive
Head of Finance
Contract Services Manager
Contract Development and
Enforcement Officer
Portfolio Holder (Cllr Rhead)

SUBJECT: Street Cleansing
DATE: 7 September 2021

1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, 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 street cleansing contract is let by Neighbourhood Services. The contract was awarded to Ideverde Ltd and commenced in March 2021. The current value of the contract is around £2m a year.
- 2.2 Client-side management of the contract is carried out by staff in the Contract Services section of Neighbourhood Services.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has been in place by WDC Internal Audit since only the start of this financial year following an external review of the function
- 3.3 The audit followed the standard contract monitoring programme. The scope included:
- Contract award
 - Service provision and monitoring
 - Contract amendment and variations

- Finance
- Contingency planning and risk management

3.4 Potential risks were also identified in the Significant Business Risk Register, the departmental risk register, and discussion between the Internal Auditor, the Contract Services Manager and the Contract Development and Enforcement Officer. These were incorporated into the standard audit programme.

3.5 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:

- Helps to achieve the external corporate objectives by having well looked after public spaces, improving health and town centres through management of a thorough street cleansing programme implemented across the district.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the audit reported in September 2017 was also reviewed. The current position is as follows:

Recommendation	Management Response	Current Status
1 Customer satisfaction with the street cleaning service should be formally monitored and reported.	Customer satisfaction surveys are no longer performed. However, feedback is received from the Website Service Manager regarding information and processes available on the Council's website that are relevant to the services provided.	The status remains the same. There would be little to gain from completing customer satisfaction surveys. Reports of issues and concerns are monitored and reviewed.
2 The review process should be strengthened to ensure that all orders are accurate and invoices are received for the correct amount prior to payment being made.	Performance checking is undertaken before payment of individual invoices to ensure that if works have not been performed to the required standard the penalties are deducted and the appropriate payment would differ from the original value.	All invoices checked matched the prices quoted and had been received before payments were made.

4.2 **Contract Award**

4.2.1 **The contract may not have been awarded to the most appropriate company or followed an inappropriate tendering exercise.**

The contract in place, with Ideverde Ltd, was agreed in March 2021 after a formal tendering exercise had been undertaken. The contract runs until 2029 with an annual contract value of just under £2m. Various aspects were included in the tender process including social value and climate change. There is a nominated contract owner, who was involved in the letting of the contract.

All the relevant contract documents are held by the Council in both hard and electronic copy and signed by all parties. The contract provides a detailed description of works to be completed and programme timings as well as multiple performance measures.

4.3 **Service Provision and Monitoring**

4.3.1 **Staff may be unaware of what the Council aims to achieve in relation to the services that are being provided.**

The terms of the contract are clearly set out within the agreement and accompanying method statements. The information provided in the documents is detailed enough for the contractors to understand what is expected of them and to allow the contract officer to manage and monitor all aspects of the contract.

The service area plan also sets out the expectations of the service and the overall values are discussed within the Council's Business Strategy.

There are various measures and key performance indicators included in both the contract documents and the service area plan. These include resolving of customer complaints within five working days, monitoring fly tipping and littering offences and the number of fly tips reported.

Monitoring is carried out frequently with monthly meetings between the contract officers and contractor, this gives an opportunity to discuss or raise any issues or concerns.

4.3.2 **Contractors may not be aware of the services to be provided.**

Method statements are provided within the contract documents. These clearly set out the details of how the contractors will meet the requirements of the contract. The documents also include maps and lists detailing the work to be completed, frequency and expected standard.

4.3.3 **Works may not be undertaken to agreed standards.**

There is a nominated contract manager in place to oversee the management of the contract. Day to day monitoring and liaison is completed by a contract officer.

As well as setting out the required standards and comprehensive schedules, the Contract also details default penalties detailed should the contractor fail to meet the standards within set timeframes. The schedules also detail when it is appropriate to use chemicals and which ones can be used to help reduce the environmental impact.

Meetings are held with the contractors on a monthly basis with the contract manager and / or a contract officer. The meetings have an agenda and minutes are taken. The agenda has standard items which include performance measures, complaints, and actions from the last meeting.

In addition to the meetings, performance statistics are gathered and monitored. They collate reports of missed collections and the time taken to resolve them. These are monitored on a more frequent basis within the contract management team and shared quarterly as part of the service area plan measures.

Customer satisfaction surveys are not carried out. Feedback is gathered through reports complaints, often about the frequency of emptying bins in public areas. Additional feedback is not sought as the responses are considered to be difficult to manage with customers potentially wanting a more bespoke service; for example, greater or fewer bin locations and comments on the noise and timing of street cleansing. The questions and queries raised through surveys may be difficult to resolve without incurring additional costs.

A spreadsheet is maintained to track the complaints or requests regarding the service provided. This allows the contract officers to track the progress and monitor the performance measures as set out in the contract and in the service area plan. It should be noted that the statistics recorded are across all the neighbourhood services contracts so do not all apply to street cleaning. The spreadsheet not only records complaints but additional works required such as reports of broken glass which would trigger an ad-hoc job of clearing it up.

It was noted from reviewing the complaints logs, the minutes from meetings and the statistics gathered that there was no substandard work identified. Complaints and concerns are resolved quickly, and reports of ad-hoc work required are rectified within the timeframe specified in the contract. Actions raised in the meetings are relevant and allow service improvements.

4.4 Contract Amendments and Variations

4.4.1 Permanent changes to the contracts may not be formally agreed.

There have been very few variations to the contract as it has only been in place since March 2021. The few that have been recorded have been logged onto a spreadsheet which details the variation or ad-hoc work requested, the associated cost and payment date. It also confirms which officer has requested and authorised the work. Variations and ad-hoc work have included extra emptying of bins in public spaces and street cleansing to new roads within the district. An order form is completed by the contract officer which is then sent to the contractor. A quote is raised and the work can then be agreed and added onto the schedule.

4.4.2 **The Council may be paying for work that has not been previously agreed.**

There have been twenty-five additional works requested so far this financial year. All the relevant forms and documents have been saved in the appropriate folder and the spreadsheet has been updated. The rates agreed match the invoices received and the payments made. Payments are authorised by an appropriate officer.

4.5 **Finance**

4.5.1 **Budget variances may not be limited as the budgets may not be set appropriately in line with known areas of income and expenditure.**

The budgets are set in relation to the contractual amount and taking into account previous spend. This financial year there have been no variances identified and the budgets look healthy with spending at or below the level expected at this point in the financial year.

4.5.2 **The Council may not be aware of any potential budget variances.**

The budget position is reviewed regularly with monthly check-in's between the contract manager and the nominated accountant. No variances have been identified so there are no proposed actions recorded.

4.5.3 **Payments may not be valid and accurate or not processed in accordance with the appropriate conditions of contracts.**

The work carried out by contractors is not checked for this contract, there are monthly reviews and meetings, as mentioned in para. 4.3.3, which allow the opportunity to discuss any concerns or complaints received. Spot checks are carried out, currently on an infrequent basis due to the restrictions in place with the ongoing pandemic. Sub-standard work is likely to be reported by members of the public allowing the contractors to be advised and given the opportunity to complete or rectify the work as needed.

Payments are made on a monthly basis to the contractor. The payments include a standard monthly amount to cover the annual contract sum and any ad-hoc work completed. The payments are authorised appropriately by the contract manager.

4.6 **Contingency Planning & Risk Management**

4.6.1 **Contingency plans may not exist to ensure that the service can continue to be provided.**

There are continuity plans in place for the contract. It incorporates covid restrictions and issues that may arise due to the current pandemic. The plan is simple and easy to navigate although detailed, providing contact details for staff and their availability, key suppliers, emergency co-ordinators and the nearest hospital / doctors.

The plan highlights potential events, the consequences and the plans in place to help reduce the impact. There are plans in place for accidents, financial failure, depot issues as well as more Covid-19 related plans for unplanned absence and PPE.

4.6.2 The Council may be financially disadvantaged should the contractor fail to provide a service.

There is a performance bond in place for £197,476.56, 10% of the annual contract sum, as agreed in the terms of the contract. The bond expires on the 29th March 2024. A hard copy is retained in the deed store and an electronic copy is available in the relevant folder with the contract documents. This bond helps to safeguard the Council against financial loss should the contractor fail.

4.6.3 The Council may be liable for any claims received due to the work of the contractor.

There is insurance cover in place until 28 February 2022. The cover is for various required insurances including: Employers liability for £10,000,000, public and products liability for £5,000,000 and contract works for £1,500,000 per event. Electronic copies of the insurance certificates are held on file and updated annually.

The insurance requirements are stated in the contract. Where there is a minimum amount of cover required the contractor meets the conditions and, in most cases, has a higher cover than the contractual agreement requires.

There is a nominated contract officer responsible for ensuring up-to-date insurance certificates are obtained each year and saved to the relevant folder.

4.6.4 The Council may not be aware of the risks in relation to the services provided (where it retains responsibility) and has not taken steps to address them.

The Neighbourhood Services risk register is currently undergoing an update. The draft document was shared for the purpose of this audit. The register identifies generic contract management risks such as service disruption, safe working practices and compliant procurement. There are also risks identified specific to the audit area including: loss of depot and working conditions and environment. The updates to the register incorporate risks associated with the Covid-19 pandemic and associated restrictions. Appropriate actions are in place to help reduce, remove, or share the risks such as insurance, regular liaison with the contractors and reviews of continuity plans.

4.6.5 The contractor may not be aware of the risks in relation to undertaking the contracted services and has not taken steps to address them.

The contractor has provided the Council with copies of the risk assessments they have in place. There are currently over 100 in the folder covering a wide range of risks and various aspects of the contract. This includes: litter picking, chemical use, driving composting, contact with sharps, legionella checks and much more. There are also generic risk assessments for risks such as manual

handling and fire procedures. The risk assessments are easy to understand and clearly set out. The risk assessments are all dated and have review dates logged.

There is a nominated contract officer responsible for obtaining up to date risk assessments from the contractor and retaining copies for the Council.

5 **Conclusions**

5.1 Following our review, in overall terms we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Street Cleansing are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

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 controls that do exist.

5.3 There are no recommendations arising from the review and therefore no action plan is included with this report.

Richard Barr
Audit & Risk Manager

INTERNAL AUDIT REPORT

FROM: Audit & Risk Manager **SUBJECT:** Test & Trace Scheme
TO: Head of Revenues & Customer Services **DATE:** 17 September 2021
C.C. Chief Executive
Deputy Chief Executive
Head of Finance
Benefits & Customer Services
Manager
Portfolio Holder - Cllr Hales

1 **Introduction**

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Nathan Leng, 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 On 20 September 2020, the Government announced a £500 Test and Trace Support Payment for people required to isolate during the Covid-19 pandemic. Local authorities administer the scheme on behalf of the Department of Health and Social Care.
- 2.2 The scheme was initially due to run until 31 January 2021. The end date was initially extended to 31 March and has since been extended further with the Government quoted as saying that it will continue into the summer.

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

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has been in place by WDC Internal Audit since only the start of this financial year following an external review of the function.
- 3.3 In terms of scope, the audit covered the following risks (overleaf):

- Loss of public funds due to support grant payments being made to ineligible applicants.
- Sensitive personal data is not collected and stored in line with the Council's data collection policy and obligations to GDPR.
- Negative stakeholder opinion arising from an ineffectively executed programme.
- Payments are intentionally made to ineligible applicants.
- Payments are made to ineligible applicants after receipt of inaccurate information.
- Sensitive and personal information is used to perpetrate fraudulent activities.
- The mental and physical health of eligible applicants is impacted by delays in receiving the support grant payment.
- The mental and physical health of eligible applicants is impacted by applications rejected in error.

3.4 These were drawn from a combination of risks identified in discussions with the Benefits and Customer Services Manager.

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

- Safer Communities – Protecting our communities from harm, preventing outbreaks and reducing the spread of the virus, focusing on the most vulnerable to make them feel safer.
- Health and Well Being – A healthier community, minimising preventable deaths and illnesses.
- Narrowing the Gap – Reducing the financial impact of self-isolation for less affluent residents.
- Effective Staff – All staff: are properly trained, have appropriate tools, are engaged empowered and supported.
- Infrastructure, Enterprise, Employment – Reduce the need for economically damaging local lockdowns to support the local economy and protect local employment and income levels.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 There are no prior recommendations because this is the first audit of this area since the Test and Trace Support Payment scheme was introduced in September 2020.

4.2 Financial Risks

4.2.1 **Loss of public funds due to support grant payments being made to ineligible applicants.**

Central government provides local authorities with a list of the criteria that applicants must meet to be considered eligible for the Test and Trace Support Payment.

Further information relating to the eligibility criteria can be found on the Local Government Authorities website and in the Test and Trace Support Scheme Implementation Guide for Local Authorities produced by the Department for Health and Social Care.

When the original Government guidance was issued on 28 September 2020, applicants were required to submit their application up to 14 days after their self-isolation period ended. From 18 January 2021, this was changed to 28 days after the first day of the self-isolation period. It changed again on 30 April 2021 to 42 days after the first day of the self-isolation period.

The other notable change to the eligibility criteria was the expansion of support payments to the parents or guardians of a child or young person who must self-isolate on 8 March 2021. To be considered eligible for the parent or guardian Test and Trace support scheme, individuals were required to meet all the means-tested eligibility criteria for the Test and Trace support payment. In addition, the child or young person must normally attend an education or childcare setting and have been told to self-isolate by NHS Test and Trace or by their education or childcare provider.

The Government also provided funding for a discretionary support payment scheme. The eligibility criteria for the discretionary scheme differs from the above schemes because applicants do not need to be claiming benefits to apply. To access the discretionary support payment scheme, applicants must demonstrate that they are suffering severe financial hardship as a result of having to self-isolate. This might include providing evidence of being unable to meet financial commitments without a support payment.

However, funding for the discretionary scheme is limited. As a result, applicants are not automatically entitled to a discretionary Test and Trace self-isolation payment by meeting the minimum eligibility requirements. Discretionary payments are prioritised to applicants with the highest risk of financial hardship and is dependent on various factors including the number of individuals applying for the discretionary scheme at a given time.

A sample of applications awarded support payments was analysed to verify whether the essential eligibility criteria had been met. All but one of the applications sampled were correctly awarded the support payment.

The one application for which the correct decision may not have been made was due to the applicant's bank statement appearing to show a secondary income which was not explicitly disclosed in the application. In this instance, the application was reported to the Benefits & Customer Services Manager (BCSM) for further analysis. However, this does not necessarily prevent entitlement as an applicant only needs to demonstrate one form of lost income to be eligible.

The Test and Trace support payments are only transferred to the bank account of the eligible individual to whom the successful application relates.

Applicants must submit their bank details with the initial application. The bank details must be in the name of the isolating individual, even if the application

was submitted by somebody else on behalf of the isolating individual.

If an application is successful, the bank details are rechecked against the name of the isolating individual by the Financial Services Team (FS-Team) before any support payments are issued.

A sample of successful self-isolation support grant applications was inspected to determine whether payments were made to the intended recipient. In all cases, the payment was made to a bank account in the recipient's name with appropriate supporting evidence supplied.

There were some instances where applicants had not submitted the correct evidence with their application. These applications were not approved until the applicant supplied the Council with the appropriate evidence or the bank details were verified using existing Council records.

Analysis of a sample of unsuccessful applications highlighted several cases where an application was rejected due to insufficient bank detail evidence. In all these cases, the applicant had ignored multiple email requests for the evidence and the applications were consequently rejected.

4.3 **Legal & Regulatory Risks**

4.3.1 **Sensitive personal data is not collected and stored in line with the Council's data collection policy and obligations to GDPR.**

To apply for the Test and Trace Support Payment, applicants must complete the application form on the Council website.

Completed applications are sent to a secure Council email address accessible by only a limited number of staff involved in assessing the applications. Application data is stored in an internal web database. Access to the database is restricted to Council staff who require access for legitimate work purposes. There are currently 19 members of staff with access to the database. All changes to the database are recorded in an audit log and are attributable to staff members making the change.

However, not all follow-up information and evidence emailed to the Council has been uploaded to this database. Due to the time constraints, most of the data received via email has been saved in Outlook and is only accessible to the staff responsible for assessing applications.

While Outlook is reasonably secure, to reduce the risk of data being lost and to aid future assessments of the scheme, all data should be uploaded against the relevant case in the Test and Trace web database.

Recommendation:

All data relating to applications should be saved in the Test and Trace database.

Data is held in accordance with the Council's data handling policy. Data may be shared with the Department of Health and Social Care (DHSC) to help

understand public health implications, support anti-fraud checks and assess the performance of the scheme. Personal data may also be shared with Her Majesty's Revenue and Customs (HMRC) for tax and national insurance purposes and is held in accordance with the Records Management Code of Practice for Health and Social Care 2016 for a period of up to 8 years before being securely disposed of. The applicant's employer may be contacted for verification checks.

The Council is obligated to not share this data with organisations or individuals outside of the Council for any other purpose. The Council will hold this data for as long as it is needed during the COVID-19 emergency and for audit and payment purposes.

The Council are authorised by the Department for Work and Pensions (DWP) to use Council records to validate an applicant's eligibility to receive a support grant payment.

4.4 **Reputational Risks**

4.4.1 **Negative stakeholder opinion arising from an ineffectively executed programme.**

The Government announced the new legal duty to self-isolate in a press release on 28 September 2020. The press release provided information on the Test and Trace support payment scheme and announced that local authorities would be setting up and administering the scheme by 12 October 2020.

The Government provided Local Authorities with an Implementation Guide for the scheme on 25 September 2020 which was updated on the 30 September 2020 and 7 October 2020.

On 29 September 2020, the Council published an update on the WDC COVID-19 webpage explaining that they were in the process of establishing the scheme and linking users the Government press release mentioned above. Further information about the scheme was published to the WDC website on 9 October 2020.

The current government-mandated eligibility criteria for the Test and Trace scheme is accessible via the Council website. A review of the webpage revealed that the criteria had not been updated to reflect the latest eligibility criteria, incorrectly stating that potential applicants must submit their application 28 days after the self-isolation period commenced rather than the correct 42 days. This was reported to the BCSM and promptly rectified.

The Test and Trace Support Payment Scheme Implementation Guide states that each local authority should have its own online application system and an alternative system for non-digital users.

Applicants without access to the internet or an internet compatible device can ring the Council and a member of staff responsible for administering the scheme will help complete the form on the applicant's behalf.

There are two key factors that may impact the time taken to process an application:

- The volume of applications received at a given time.
- An applicant's failure to provide all mandatory supporting evidence.

Government guidance for administering the Test and Trace self-isolation support scheme does not include a specific timeframe in which eligible applications should be awarded a support payment. However, there is an emphasis on providing timely financial support to applicants. This ensures that individuals facing financial hardship as a result of self-isolation can afford to self-isolate and thereby reduce the risk of spreading COVID-19 within the community.

The DHSC's Implementation Guide states that all Test and Trace support payments should be made within three days of the local authority receiving an application as a single payment to the bank account matching the bank statement provided by the applicant.

A sample of applications awarded support payments was analysed to determine the timeliness of payments. In all sampled cases, support payments were made within a few days of an application being validated.

It was noted that there is no record kept for the date when an application is first assessed. This prevents any analysis of the amount of time between an application being submitted and the case being opened by Council staff. These records would be particularly useful when there is a high volume of applicants to help determine whether there are sufficient resources to process applications in a timely fashion.

Advisory:

Consideration should be given to keeping records for the date applications were first assessed.

Although there are no Government-mandated timescales attached to the application process, it may be beneficial to implement internal timescale targets to monitor performance.

Advisory:

Consideration should be given to creating internal timescale targets to monitor performance.

The Implementation Guide states that local authorities should provide low-level information to NHS Test and Trace to allow reporting on the delivery of the Test and Trace Support Payment and discretionary fund

The Benefits and Customer Services Manager (BCSM) demonstrated the NHS Eligibility Checker during a video call. The Checker allows the team to validate applications and provides NHS Test & Trace with the information outlined above.

The BCSM also shared the Test and Trace monthly HMRC spreadsheet which

contains information relating to payments made during the period. HMRC use this information for tax purposes.

Official nationwide statistics on the number of payments made have not yet been published by the DHSC, although they plan to publish this information in due course. However, the BCSM provided some statistics relating to applications submitted to WDC. There have been 1,352 applications submitted to WDC since the scheme's inception. Out of 1,352 applications, 463 (34%) were successful and 889 (66%) were unsuccessful.

The team do not collect or report comprehensive data relating to the reasons why an application has been rejected. The BCSM advised that when the scheme started, the database was built with a few basic rejection reasons. However, as time went on and the scheme changed, it became 'impossible' to keep a record of them all.

Where there is a record on the DHSC eligibility checker, the rejection reasons are recorded. However, not all unsuccessful results will be recorded on the checker as in some cases, the applicant did not have a record on the eligibility database.

The Coronavirus: Self-isolation and Test & Trace Support Payments document, published 26 July 2021, cites a BBC Reality Check report containing findings from an analysis of responses to Freedom of Information requests sent to local authorities. They received data from 104 councils on the reasons why applications were rejected.

The data included in this analysis suggests that there is scope and precedent to collect and report on data relating to unsuccessful applications. Given that 66% of applications to WDC are unsuccessful, it might be useful to collect and report this data to analyse the performance of the scheme.

The BCSM also advised that they do not currently report information relating to the running or performance of the scheme to SMT and/or Councillors. While it is acknowledged that there does not appear to have been any request for them to do so, and the Head of Revenues confirmed that there have been no complaints or requests for performance reports from senior officers, elected members or residents, it is still considered that ongoing performance monitoring and evaluations could be of interest and beneficial to the service.

The scheme was created in emergency and exceptional circumstances to provide urgent financial support. The BCSM emphasised that the scheme has been extremely time-consuming to administer, with frequent changes at little notice. The scheme has had to be administered within existing resources, alongside the normal workload, as no additional resources have been provided to administer the scheme. Although the audit has found that the scheme has been well-administered, ongoing performance monitoring could improve efficiency and identify areas of improvement.

Advisory:

Consideration should be given to reporting information relating to the running and performance of the scheme to SMT and Councillors.

The Briefing and Q&A for Local Authorities document states that there is an expectation that local authorities launch a communications campaign to advertise the Test and Trace Support Payment scheme.

Analysis of WDC Facebook and Instagram accounts reveals that the scheme was first highlighted on 9 and 11 October 2020. There are then no posts on this topic until 25 May 2021. There are four posts between 25 May and 8 June 2021.

As part of this audit, there was only one reference to the scheme found in an online local media source.

Overall, there seems to have been an underutilisation of available media resources to publicise the scheme to residents.

Recommendation:

The Council should establish a communications strategy to share the details of the Test and Trace support scheme as widely as possible.

4.5 **Fraud Risks**

4.5.1 **Payments intentionally made to ineligible applicants.**

Applications are assessed by all staff members responsible for administering the scheme. The BCSM believes that this collective approach helps to ensure applications are assessed accurately. It also facilitates a balance of perspectives which would not be possible with a single assessor.

The Financial Support Team (FS-Team) are responsible for ensuring the payment is made to the applicant's bank account.

4.5.2 **Payments made to ineligible applicants after receipt of inaccurate information.**

Advice and guidance on the administration of the scheme are provided by the Government Department for Health and Social Care (DHSC) and can be found in the Test and Trace Support Scheme Implementation Guide for Local Authorities. General information on the Test and Trace scheme is available via the Government website. Updates and changes to the scheme are communicated via email and monthly discussion workshops.

The Implementation Guide states that local authorities are responsible for fraud-prevention measures. Local authorities have the right to recover costs from people who claim payment fraudulently and can keep any money recovered to put towards the cost of running the scheme. Local authorities are not liable for any unrecoverable costs due to fraud.

As stated on the Council website and at the end of the application form, any attempts to defraud the Council will be referred to the police.

The Council are planning to undertake a full review of all applications which were successfully granted a support payment to identify evidence of fraud and begin the process of recouping those funds.

4.5.3 **Sensitive and personal information is used to perpetrate fraudulent activities.**

As previously discussed, applicant data is securely held in compliance with the Council's data processing policy. Since access to this data is restricted to staff with a legitimate work interest, the risk of the data being used to perpetrate fraud is considered low.

However, ensuring that the data is consolidated in a single location could help protect it from internal misuse and external malicious cyber-attacks.

Staff are obligated to protect the data that they are exposed to while carrying out their work duties. Breaches of trust may result in disciplinary action being taken up to and including dismissal. Individuals who breach the trust may also be subject to fines and barred from holding positions of trust in the future.

4.6 **Health & Safety Risks**

4.6.1 **The mental and physical health of eligible applicants is impacted by delays in receiving the support grant payment.**

As previously discussed, government guidance for administering the Test and Trace support scheme does not include a specific timeframe in which eligible applications should be awarded a support payment. However, there is an emphasis on providing timely financial support to applicants.

A local Councillor is quoted in the media and on the Council website, emphasising the connection between receiving these payments and minimising the spread of COVID-19 in the community.

There is an unsubstantiated, although plausible, risk that delays in issuing payments could contribute to the spread of COVID-19 in the community.

Once applicants have submitted their application, they receive an automated email confirming that the form has been submitted along with their unique reference number and a downloadable document summarising the application.

The BCSM provided several email templates that are used to request additional information and to update applicants on the status of their application. The BCSM confirmed that these templates are personalised for each applicant.

A review of the email templates showed that all templates are fit for purpose and provide a sufficient level of information along with any suggested actions.

4.6.2 **The mental and physical health of eligible applicants is impacted by applications rejected in error.**

A sample of rejected applications was reviewed to determine whether the eligibility criteria had been correctly applied.

In all cases, the application was rejected for failing to meet at least one mandatory eligibility criterion. Applications for the discretionary fund were judged to be fairly and consistently considered throughout the scheme.

The BCSM advised that the likelihood of rejecting an application in error is minimised due to the collective approach to assessments.

Local authorities are not required to provide a right of appeal against any decision not to award a Test and Trace Support Payment or discretionary payment. The DHSC guidance emphasises that local authorities should work with applicants to make sure they provide the necessary evidence to support their application and to give them the opportunity to provide further evidence if required.

In all cases, the BCSM emailed applicants requesting essential evidence that was not submitted with the initial application. Applications were only rejected if this information was not returned.

Rejected applicants receive a personalised email explaining why their application was not successful.

5 Conclusions

5.1 Following our review, in overall terms we are able to give a **substantial degree of assurance** that the systems and controls in place in respect of Test and Trace are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

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 controls that do exist.

5.3 The main issues that require further action are summarised below:

- Application data should be transferred to the Test and Trace database.
- The Council should increase their use of available media resources to publicise the scheme to residents.

5.4 Three further, more minor, 'issues' were identified where advisory notes have been reported. Addressing these issues is discretionary for the service.

6 **Management Action**

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

Richard Barr
Audit & Risk Manager

Action Plan

Internal Audit of Test and Trace Scheme – September 2021

Report Ref.	Risk Area	Recommendation	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.1	Financial Risk	All data relating to applications should be saved in the Test and Trace database.	Low	Benefits and Customer services Manager	I do not have the resource to go back and save all the information in the database. (I have contacted ICT to check that the same level of security exists on all servers where T and T information is held.) However, a team member has attended a surgery with the DHSC and, coincidentally, this is a question that Sam Lowe, the senior policy advisor for the test and trace scheme, raised with his managers. His view is the same as ours i.e. that we should be able to delete the evidence once the claims have been audited and just retain the applications. Mr Lowe will update us as soon as he receives a response. I will therefore be able to update this recommendation to reflect that - hopefully by the end of the calendar year.	End Dec 2021

Report Ref.	Risk Area	Recommendation	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.4.1	Reputational Risk	The Council should establish a communications strategy to share the details of the Test and Trace support scheme as widely as possible.	Low	Benefits and Customer services Manager	Agreed.	19 Nov 2021

* 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.

FROM: Audit and Risk Manager

TO: Head of Assets

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

SUBJECT: Housing Repairs & Maintenance

DATE: 10 September 2021

1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Nathan Leng, 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 Repairs and Maintenance service team is responsible for coordinating the responsive and emergency repairs and maintenance of dwellings and communal areas.
- 2.2 This assignment has focused on responsive repairs of the Council's HRA (Housing Revenue Account) housing stock carried out by Axis Europe PLC, the Council's reactionary repair and maintenance contractor.
- 2.3 The service processes, on average, 8500 repair cases a year on behalf of the contractor Axis.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has been in place by WDC Internal Audit since only the start of this financial year following an external review of the function.

- 3.3 In terms of scope, the audit covered the following risks:
- The Council’s finances could be adversely impacted due to funding unnecessary or sub-standard repair work.
 - Expenditure on rechargeable work may not be recovered.
 - The Council could be held in breach of legislation arising from failure to repair, sub-standard work or unsafe practices.
 - Stakeholders could be left dissatisfied by failure to repair, sub-standard work, missed time targets or contractor behaviour.
 - Unsafe working practices may be hazardous to tenants, staff, contractors and/or the public.
- 3.3 These were drawn from a combination of risks identified in the Significant Business Risk Register, the departmental risk register, and discussions with the Maintenance Administrator.
- 3.4 These risks, if realised, would be detrimental to the Council with regards to the meeting of the following corporate objectives as set out in the Fit for the Future Strategy:
- Health, Homes, Communities – Housing needs met for all.
 - Green, Clean, Safe – To make the District carbon neutral by 2050.
 - Effective Staff – All staff: are properly trained, have appropriate tools, are engaged empowered and supported.
 - Maintain or Improve Services – Focusing on our customers’ needs, continually improve our processes, increase the digital provision of services.
 - Financial Footing over the Longer Term – Full cost accounting, continued cost management, seek best value for money.

4 Findings

4.1 Recommendations from Previous Reports

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

Recommendation	Management Response	Current Status
<p>1 A review of the 'capture' of rechargeable works should be considered to ensure that all such works are identified at source.</p>	<p>Review with Repairs Team Leader and Housing on what objectively constitutes a rechargeable repair and subjective considerations. Provide group training to the Repairs & Maintenance team.</p>	<p>A recharge policy is currently being presented for approval. This policy will define what constitutes a rechargeable repair, include delegation of responsibility and outline a process for managing, monitoring and recovering recharges. These agreed actions should have been completed between</p>

Recommendation	Management Response	Current Status
		October 2019 and May 2020 but have not been completed to date. (See 4.2.2 below)
2 A clear policy on recovery of unpaid recharges to tenants should be considered including delegation of responsibilities.	Agreed. A recharge policy will be established and will include delegation of responsibilities.	See above.
3 The accumulated balances of unpaid recharges should be reviewed and appropriate recovery actions taken.	Agreed. A process for managing and monitoring recharges will be produced	See above.

4.2 Financial Risks

4.2.1 The Council's finances could be adversely impacted due to funding unnecessary or sub-standard repair work.

The Repairs and Maintenance Contract Administrator (RMCA) advised that there is no official training programme or guidance documents advising staff of the processes involved when managing different types of repair jobs sent to the Council.

Experienced members of the team act as a 'knowledge bank' and share information and provide advice as required. New members of the team receive on-the-job training and can rely on more experienced team members for additional support.

The RMCA conceded that this setup is most effective in an office-based environment. However, the team use digital communication methods to share information and provide support as required.

The Assets Management Team page contains a Wiki Library page which appears to be incomplete and contains only a couple of documents. This could be a useful place to store guides and procedural documents for staff access.

Advisory:

Consideration should be given to producing written training / guidance documents to provide a standardised resource and utilising the Assets Wiki Library to make them readily accessible to staff.

The Council uses the National Housing Federation V6 Schedule of Rates to determine appropriate remuneration for different repair jobs. These rates are built into the Active-H system to streamline the process of costing jobs.

Repair work orders are generated on the Active-H property management system. A Maintenance Assistant inputs a description of the repair and assigns a priority rating. The order must be authorised by the RMCA before it can be allocated to the appropriate contractor.

The Active-H system is linked to the WDC maintenance portal used by external contractors carrying out repair and maintenance work on behalf of the Council. For Axis, the system is directly integrated with their own database. As soon as a work order is raised on the system, it becomes available to the contractors.

The RMCA monitors the progress of repair jobs to ensure each job is carried out within the agreed timescales based on the priority rating. The Active-H system facilitates some monitoring of timescales by allowing contractors to update progress changes on works orders.

The RMCA attends regular meetings with the external maintenance contractors to ensure approved timescales are adhered to and that work is carried out to agreed standards. Upon the completion of a work order, the contractor marks the job as complete through the WDC web-portal or Axis's integrated database which updates the case on the Active-H system.

If a repair presents a risk to health or the cost of works exceeds £500, a Property Maintenance Surveyor (PMS) will attend the site to carry out a post-repair inspection. If an inspection confirms the work was carried out to a satisfactory standard, the works order is closed. If the original issue has not been rectified, the work does not meet the agreed standard of the Council or other damage has been caused by the repair works, the RMCA reopens the work order for remedial action.

A sample of historic repair jobs completed during 2020 was analysed to ensure that they were carried out in accordance with Council procedures. In all of the cases sampled, repair works were carried out according to the procedures outlined above.

The sample of cases was also analysed to ascertain how Repairs staff respond to failed or substandard repair work. In all cases, the work order was either recalled for remediation or follow-on works were raised to resolve any subsequent defects.

Sample analysis showed that this process was generally effective in identifying defects and getting them resolved. However, several properties showed recurrent repair issues which could be attributed to a historic defect / repair case. There is a minor risk that repeat call outs pose a financial burden for the Council.

Performance data for historic repair works is extracted from the Active-H system and generated in custom Crystal reports via the Ripplestone system.

A key performance metric for repair work is the amount of time taken between the job being reported and being completed. This is an important metric to determine whether the Council is adhering to the statutory repair

timescales which differ, depending on whether the priority rating is 'Emergency' (24 hours) or 'Routine' (28 days). It is important to note that, during 2021, WDC decided to create a third priority rating 'Urgent' with a statutory repair timescale of 5 days.

Work orders classified as 'Urgent' are seen as important, needing a faster turnaround than 'Routine' works, but not quite meeting the standard of an 'Emergency' order.

The 'Urgent' classification was introduced to prevent important 'Routine' works being incorrectly classified as 'Emergency', providing contractors with flexibility within a sensible timeframe to complete the orders.

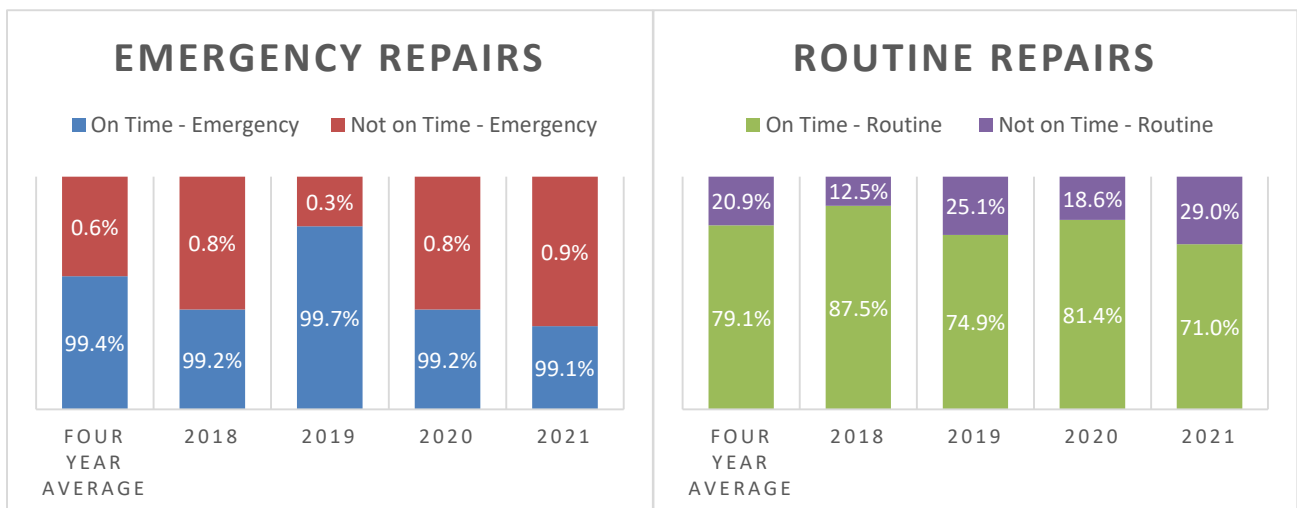
However, the 'Urgent' classification is an internal performance metric and not subject to statutory timescales. Technically, all orders classed as 'Urgent' are 'Routine' and are classified as such in KPI reports.

A Crystal report was generated to show a summary of repair orders completed by Axis each month since April 2018 when the contract was renewed. The report shows whether the work orders were completed within the appropriate timescale. Cases within this report were used to generate the sample of cases assessed as part of this audit. The figures contained in this report were also used to create the below table and graphics.

Table showing percentage of jobs which were classified as Emergency or Routine priority each year:

	Four Year Average	2018	2019	2020	2021
Emergency	35%	37%	32%	39%	30%
Routine	65%	63%	68%	61%	70%

Graphics showing the percentage of repair cases completed on time each year separated by job priority type:



The tables show the ratio of Emergency to Routine repair jobs has remained relatively constant at approximately 1:3 with time targets being achieved in over 80% of cases each year.

Separating the cases by job priority type shows that 2021 has the lowest on-time average for both job types over the last four years. The largest drop in performance was seen in Routine jobs while Emergency cases only saw a marginal drop. Nonetheless, time target performance over the years has remained relatively constant. This suggests that despite the disruption caused by the pandemic, the Repairs team has demonstrated resilience.

The reduction in Emergency repair jobs in 2021 can be partially attributed to the introduction of the 'Urgent' job priority type. It may be beneficial for the Council to modify reports to include 'Urgent' repair jobs. This would allow for internal evaluations on the impact the new priority type is having on timescales.

Recommendation:

Ripplestone reports should be modified to include the 'Urgent' job priority type.

A different Crystal report was generated to show the number of active jobs for the contractor Axis which had exceeded the target timescales. The report shows that at the time of writing, there are currently 599 open repair orders that have surpassed their target completion date. The total number of active repair orders for Axis stands at just above 2000 cases. This means that approximately 30% of all active cases have exceeded their target completion date.

A sample of the cases was analysed to determine the cause of the delay and what actions had been taken by Council staff to get the works completed.

It was discovered that notes regarding the cause of the delays are not available for many repair cases categorised as completed 'not on time'. However, common issues reported include 'no access to property' and instances where cases required follow-up visits to resolve complex repair issues. Discussions with the Compliance Manager (CM) revealed that most delays are not reported by contractors to WDC staff. In order to improve understanding as to the cause of delays and facilitate the identification of any trends, all delays in the repairs process should be documented.

Recommendation:

Contractors should be reminded to immediately update WDC on any issues which result in a delay to the repair process. WDC staff should also chase contractors for an explanation of delays which result in a 'not on time' completion status.

Advisory:

The repairs process should be fully documented in the Active H diary and DMS in particular any correspondence relating to a delay.

4.2.2 Expenditure on rechargeable work may not be recovered.

The Maintenance Administration Team (MAT) are responsible for processing repair requests and creating work orders on the system. The MAT is also responsible for informing the Business Administration Team (BAT) to debit the cost of a rechargeable repair to a rechargeable repair sub-account linked to the tenant's Active-H account.

It is important for members of the MAT to understand what constitutes a rechargeable repair to ensure all possible recharges are identified at source and recharged appropriately.

Council tenancy agreements, both introductory and secure, outline the types of repair work which the Council, as the landlord, are responsible for maintaining.

These agreements also outline the property maintenance tasks that are the financial responsibility of the tenant. If a tenant requests for the Council to arrange repair work that does not fall within the Council's landlord obligations, the costs of the repair is recharged to the tenant.

However, these agreements only contain an overview of the different repair responsibilities. As such, they should only be used as a cursory reminder of the repair responsibilities of the Council.

MAT staff are primarily instructed through on-the-job training by the RMCA and other experienced members of the MAT. Training is based on applicable legislation, primarily the Housing Act 2004, which outlines the types of repair responsibility. It also provides a thorough list of rechargeable repairs which helps staff compare repair examples to the repairs they encounter.

At the time of writing, there is a new recharges policy being created to govern the process of collecting rechargeable repairs. The policy will summarise key points from relevant legislation and provide examples of common sources of recharge damage. This is expected to be a useful document for Repairs staff and will help ensure that all rechargeable repairs are collected.

A sample of historic repair jobs was analysed to ascertain whether all rechargeable repairs were identified and recharged. Sample testing identified only a small number of repair works eligible for recharge. None of the sample cases, where the cost of the repair could have been recharged, were recharged.

It is not always clear, in the cases sampled, whether a defect is caused by the tenant unless the tenant admits that they are responsible. In some instances, there are notes on the account instructing officers to recharge if a specific defect reoccurs.

In other cases, a repair was correctly identified as rechargeable upon receipt of the repair request but was not recharged to the tenant's account. In these cases, there is a lack of information available on Active-H to determine where in the process the recharging failed.

Since none of the cases sampled had the repair costs recharged, it was not possible to assess how many recharges had been recovered. However, some of the tenants Active-H accounts had historic recharges debited to the account. While these historic charges were not specifically looked at during the analysis, it was noted that most of the recharges had not been even partially recovered.

It is hoped that the new recharge policy, due for approval later this year, will improve the recharging and recovery of recharges going forward.

Recommendation:

A review should be carried out to identify and initiate enforcement action on all outstanding recharges within the 6-year limitation period.

4.3 **Legal & Regulatory Risks**

4.3.1 **The Council could be held in breach of legislation arising from failure to repair, sub-standard work or unsafe practices.**

Upon joining the Council, Repairs and Maintenance (R&M) and Maintenance Assistants (MA) team members are provided on-the-job training and are informed of the Council's statutory obligations in relation to the maintenance of properties.

The tenancy agreement outlines the Council's repair responsibilities. While the tenancy agreement is based on various Government acts, regulations, standards and guidance, they are not directly referenced in the document. The list of Council repair responsibilities in the tenancy agreements is not exhaustive and tenants are advised to phone the MA team for clarification on specific repair work.

Advisory:

Copies of relevant Government legislation and guidance documents should be made easily accessible to all R&M and MA team members. Consideration should be given to creating an internal guidance document summarising applicable legislation.

If a member of the R&M or MA team is unsure of the appropriate way to deal with a repair request, they are advised to contact their line manager for advice. The sharing of information and advice is encouraged within the team to enhance the resilience and responsiveness of the service.

Discussion with members of the R&M and MA teams highlighted how current remote working arrangements can make communication within the team difficult. While future ways of working are still undecided at the time of

writing, both teams show support for a hybrid work from home model where staff can meet to discuss and evaluate situations in person as the need arises.

R&M team members may conduct pre-inspections to fully identify necessary repair works before a repair request is initiated. This helps the Council identify other and related defects which require remediation. These proactive inspections can reduce the time defects are present in a property.

Properties where access has previously been denied are fully inspected by R&M team members before repair work commences to ensure the property is safe for human habitation and free from hazards which could endanger the contractor.

Post-repair checks are also carried out by R&M team members for all jobs that cost in excess of £500. These checks ensure that work has been carried out to expected standards and removed or reduced the hazard to an acceptable level.

In certain circumstances, however, repair works cannot be identified or fixed within statutory timeframes. For example, some residents in HRA properties refuse access to Council and repair contractors on a regular basis. In these instances, the extent of hazards in the property can be difficult to determine and reported hazards cannot be fixed in the mandated timescales. These points were confirmed in discussion with R&M team members but also evident in the diary notes of some Active-H tenancy accounts.

The Housing Act (2004) stipulates that 'if a local housing authority consider that a hazard exists on any residential premises, they must take the appropriate enforcement action in relation to the hazard'.

In instances such as those outlined above, the Council are expected to take all reasonable and necessary steps to access the property to rectify the defect.

At present, however, legal routes to gaining access are not explored. This poses a risk that tenants continue to live in hazardous accommodation.

There is currently no formal written guidance outlining the procedure for dealing with refused entry.

Recommendation:

The Council should develop a robust procedure for dealing with instances where reasonable requests for access are refused. These cases should be escalated until remedial action has been completed and every effort should be made to recover the costs of this exercise from the tenant.

The Council's target timescales for different priority repair works are in line with statutory obligations for each priority category. These timescales are written into maintenance contracts so that contractor performance can be measured by their adherence to these timescales.

At the onset of the COVID-19 pandemic, and in line with public health measures announced on 28 March, it was decided that only emergency repairs would continue with all non-emergency repair work being cancelled.

A record of cancelled work was kept so that MA team members could contact tenants to reschedule repairs. However, it is not clear whether the Council breached their landlord repairing obligations in cancelling these works to adhere with Government guidance. As such, the Council could be liable for disrepair claims.

There has been no review of these cancelled cases. The Compliance Manager advised that Axis has contacted each tenant to advise on the impact of the restrictions. Tenants have also been invited to contact Axis or the Repairs team once restrictions have eased.

Rebooked orders have not been automatically linked to the original cancelled request. However, the Compliance Manager advised that in some cases, the link has been noted in the description of the work order on Active-H.

Recommendation:

A full review of all cancelled jobs should be undertaken to ascertain the current status of each case.

The Assets Manager (AM) provided the Assets Risk Register which was extracted from the Chief Executive's register. The Assets Risk Register requires review and possibly updating. The AM advised that there are plans in place to convene a team meeting with representatives from both WDC and Stratford District Council (SDC) to agree a Register that captures common risks as well as those specific to each organisation.

As highlighted above, in line with public health guidance at the onset of the COVID-19 pandemic, the Repairs team restricted site visits to emergency repairs and essential safety inspections. A Council-wide site visit risk assessment checklist was produced and is used by PMS staff when planning and carrying out property inspections.

A risk assessment for carrying out external visits safely during the COVID-19 pandemic has also been produced which is available to all staff via the AssessNet Portal.

The RMCA advised that they are aware of the different services that deal with certain aspects of the repair process and share information with them as appropriate.

Active-H is used to store information and correspondence which may be beneficial to other service areas. However, not all relevant service areas have access to Active-H or know without being told that a situation relevant to their service has arisen.

There is a risk that R&M team members may not pass on information pertinent to preventing breaches of legislation to the RMCA and subsequently other relevant services at all or in a timely fashion. The CRM module in

Active-H allows some service areas access to pertinent repairs information. However, not all services use Active-H.

Recommendation:

Repair and Maintenance staff should be instructed on aspects of the Repairs process of interest or relevance to other service operators.

Advisory:

Consideration should be given to producing guidance or a checklist that Repairs and Maintenance staff can use to guide the appropriate sharing of repairs information between service areas.

4.4 **Reputational Risks**

4.4.1 **Stakeholders could be left dissatisfied by failure to repair, sub-standard work, missed time targets or contractor behaviour.**

Communication from stakeholders to members of the R&M and MA teams is saved in the relevant section of the Active-H Document Management System (DMS) or Diary depending on the format. Physical feedback is uploaded to the the DMS while digital feedback is saved in the Diary.

Positive comments relating to completed works are passed to the contractor. Negative comments typically lead to a site inspection with a PMS. If the inspection validates the issue raised, the repair case is reopened for remedial works and the RMCA contacts the contractor to discuss the issue. This helps to mitigate the reoccurrence of the issue in subsequent works.

Analysis of a sample of repair cases completed by the contractor in 2020, however, showed inconsistencies with how feedback and communication is recorded. Stakeholder feedback noted in the Active-H diary typically focuses on contractor performance suggesting that this is the area of the service that stakeholders are most concerned with.

The system outlined above can be effective in identifying, addressing and preventing repair issues related to a single case. However, it does not provide the Council with an overview of how the whole repair service is performing.

Repair work is generally carried out reactively and in response to a reported fault. The R&M and MA teams meet on a regular basis to discuss and evaluate emerging situations and identify trends that may affect the performance of the service as a whole.

These meetings are perceived favourably by Repairs staff. However, the reliance on anecdotal evidence may not paint a clear picture of the performance of the whole repair service. A tailored survey could provide useful feedback on stakeholder experiences with Repairs service staff.

Advisory:

Consideration should be given to developing a customer satisfaction survey for the repairs process, focusing on the effectiveness of both the RMT and MAT, to allow for a broad assessment of stakeholder satisfaction of the WDC side of the repair process.

Contractors have their own feedback system. Contractors leave a client satisfaction survey with the tenant after completing works. These surveys are collected by the Council and passed on to the contractor.

Details of these surveys are not held or acted upon by the RMCA because they relate solely to contractor performance KPI's.

Since records of these surveys are not held by the Council, it is not possible to accurately gauge the level of customer engagement in this feedback process.

Discussions with the CM highlighted that in response to the COVID-19 pandemic, Axis transitioned to using a text message mobile phone based survey. The results of these text surveys are returned directly to Axis. The CM advised that Axis are planning to produce management reports which will include an overview of client satisfaction survey feedback to share with the RMCA at contract management meetings.

4.5 **Health & Safety Risks**

4.5.1 **Unsafe working practices may be hazardous to tenants, staff, contractors and/or the public.**

The Council website has a dedicated page detailing the conditions of repair work during the COVID-19 pandemic. The page contains information regarding the types of work that continue to be carried out during the pandemic as well as the provisions made to ensure works are carried out in a way that is COVID-secure.

However, the repairs information on the Council website is currently not up to date and does not reflect the recent relaxation of COVID-19 guidance. This poses a risk that tenants will mistakenly believe routine repairs are not being accepted.

Recommendation:

The Council website should be updated to reflect current COVID-19 guidance regarding carrying out repair works.

The PMS are required to carry out inspections of sites. They are made aware of health and safety procedures for site visits through various channels including specialised health and safety training courses such as IOSH, discussion with management and broader Council remote working procedures published on the Council's website.

The RMCA advised that the contractors have their own risk assessment and health and safety processes. Details of these risk assessments and procedures are not shared with the public through the contractor websites.

The WDC website stipulates that contractors are expected to discuss and confirm the individual circumstances of a repair case with the client and confirm the protective steps they will take in line with their risk assessments.

5 Conclusions

5.1 Following our review, in overall terms we are able to give a **MODERATE** degree of assurance that the systems and controls in place in respect of **Housing Repair and Maintenance** are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

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 controls that do exist.

5.3 The following issues that require further action have been identified:

- Notes regarding the cause of delays to works are not routinely being recorded.
- A number of cases where recharges have not been raised in relation to relevant works were identified along with cases where payments have not been received in relation to recharges that have been raised.
- The Council does not have a formal policy for dealing with tenants that refuse access to their premises to allow for works to be undertaken.
- There is no current review of all non-urgent repair jobs that were cancelled due to the onset of the COVID pandemic.
- Staff do not always know who they need to inform of certain aspects of the works undertaken.

5.4 Five further, more minor, 'issues' were identified where advisory notes have been reported. Addressing these issues is discretionary on the part of the service.

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 Housing Repairs and Maintenance – September 2021

Report Ref.	Recommendation	Risk	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Ripplestone reports should be modified to include the 'Urgent' job priority type.	The Council's finances could be adversely impacted due to funding unnecessary or sub-standard repair work.	Low	Data Coordinator	Agreed – post is currently vacant but seeking to recruit in near future.	December 2021
4.2.1	Contractors should be reminded to immediately update WDC on any issues which result in a delay to the repair process.	The Council's finances could be adversely impacted due to funding unnecessary or sub-standard repair work.	Low	Head of Assets / Compliance Manager	Will be included in mobilisation discussions as part of extension of Axis contract from April 2022.	April 2022
4.2.2	A review should be carried out to identify and initiate enforcement action on all outstanding recharges within the 6-year limitation period.	Expenditure on rechargeable work may not be recovered.	Low	Landlord Services Manager / Landlord Operations Manager	Policy & Procedure to be written and introduced following consultation with partners at Legal Services, that details arrears recovery relating to rechargeable repairs.	January 2022

Report Ref.	Recommendation	Risk	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.1	The Council should develop a robust procedure for dealing with instances where reasonable requests for access are refused. These cases should be escalated until remedial action has been completed and every effort should be made to recover the costs of this exercise from the tenant.	The Council could be held in breach of legislation arising from failure to repair, sub-standard work or unsafe practices.	Medium	Assets Manager / Landlord Services Manager	Assets working with Housing to implement.	April 2022
4.3.1	A full review of all cancelled jobs should be undertaken to ascertain the current status of each case.	The Council could be held in breach of legislation arising from failure to repair, sub-standard work or unsafe practices.	Medium	Compliance Manager / Business Support Manager - Housing	Records available of jobs closed down as part of COVID restrictions and these will be cross checked against new jobs raised.	December 2021
4.3.1	Repair and Maintenance staff should be instructed on aspects of the Repairs process of interest or relevance to other service operators.	The Council could be held in breach of legislation arising from failure to repair, sub-standard work or unsafe practices.	Low	Business Development and Change Manager – Housing / Compliance Manager	Review of those individuals and services that have access to ActiveH and change access as appropriate	December 2021
4.5.1	The Council website should be updated to reflect current COVID-19 guidance regarding carrying out repair works.	Unsafe working practices may be hazardous to tenants, staff, contractors and/or the public.	Low	Business Support Manager – Housing / Compliance Manager	Discussions have taken place to update all Housing pages on the website – change have been made.	Complete

* 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.

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager **SUBJECT:** Housing Benefit and Council Tax Reduction (Discretionary Housing Payments)

TO: Head of Revenues and Customer Services **DATE:** 17 September 2021

C.C. Chief Executive
Deputy Chief Executive (AJ)
Head of Finance
Benefits and Customer Services Manager
Portfolio Holder (Cllr Matecki)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, 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 A Discretionary Housing Payment (DHP) is financial support towards housing costs paid by a local authority when they are satisfied that the claimant needs more help with housing costs and is currently claiming either housing benefit or universal credit with housing costs towards rental liability.
- 2.2 The DHP is intended to cover shortfalls between household income and expenses with discretion being given to the local authority as to how they administer the funds provided. The Council has a policy in place that sets out (in general terms) how the funds are to be administered.
- 2.3 An annual amount is provided to the Council by the DWP, although the funding has been split into two tranches this financial year. The Council also has discretion to top up this amount from its own funds.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management and financial controls in place. This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that

the risks are being managed effectively. This approach has been in place only since the start of this financial year following an external review of the function.

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

- The Council does not appropriately manage the budget provided by the DWP for Discretionary Housing Payment
- Unidentified changes to Universal Credit result in overpayments of Discretionary Housing Payment
- The Council's Discretionary Housing Payment scheme does not comply with guidance from the DWP
- Claims of discrimination over the refusal of Discretionary Housing Payment applications
- Benefit (including Discretionary Housing Payment) is paid in excess of entitlement on the strength of false representation or wilful failure to disclose changes in circumstances.

3.3 These were identified during discussion between the Principal Internal Auditor and the Benefits and Customer Services Manager (BCSM).

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:

- External – People strand re Health, Homes & Communities (specifically around the benefit 'contribution' towards improved health and housing needs being met for all)
- External – Money strand re Infrastructure, Enterprise & Employment (benefits and DHPs paid being spent in the local economy & town centres).

3.5 Other risks relating to the administration of Housing Benefit and Council Tax Reduction payments as a whole, identified in the departmental risk register, were not considered for this audit, as a specific request had been made to cover DHPs which had not been covered to any great extent under the 'normal' rolling programme of reviews in this area.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 The previous audit of Housing Benefit and Council Tax Reduction, undertaken in July 2019, covered specific modules of the standard CIPFA programme (administration and assessment). The recommendation made will be reviewed when the next audit of these processes is undertaken.

4.2 Financial Risks

4.2.1 **The Council does not appropriately manage the budget provided by the DWP for Discretionary Housing Payment.**

The amount of funding awarded to each council by the DWP is set out in circulars that are available from the DWP pages of the GOV.UK website.

Upon review, it was confirmed that the figures for the previous and current financial years had been correctly loaded onto CIVICA.

The budget for 2020/21 had also been correctly included on TOTAL (rounded to the nearest £100) but the budget for the current year has not been amended from last year's figure. However, the BCMS highlighted that the funding announcement for this year has been split between April and October, so the final amount to be received is not yet known.

It was also confirmed that the figures from the subsidy circulars had also been correctly included on the monitoring spreadsheet maintained by the Benefits Team Leaders (BTLs).

They confirmed that each case is assessed on an individual needs basis. The DHPs are meant to be short-term awards, with the amount awarded being determined by the shortfall between the full rent and the relevant income (including benefits or Universal Credit (UC)) although, due to COVID, there has been a tendency to award for longer periods.

The decision to be made when assessing the applications is whether to award (i.e. a shortfall has been confirmed based on the information provided) and, if so, whether this should cover the full amount of the shortfall or just be a proportion of this amount. One of the considerations when determining the amount of the award is that the funding provided is meant to cover the whole financial year, so decisions will take into account that there will be people who may be in need later in the year.

The BTLs advised that they rely on the figures on the CIVICA system to identify remaining funds when undertaking these assessments.

Testing was undertaken on a sample of DHPs awarded during the current and previous financial years to ensure that they had been appropriately assessed in line with the criteria with the payments awarded agreeing to the amount shown on the system. This proved satisfactory.

4.2.2 **Unidentified changes to Universal Credit result in overpayments of Discretionary Housing Payment.**

The Principal Benefit Officer (PBO) advised that, whilst details can be checked on the DWP's Searchlight system, no 'routine' checks are performed.

The BTL advised that a new memo has now been set up to allow for assessors to flag up changes to Universal Credit (UC), although she also highlighted that UC can change on a weekly basis, with minor changes not affecting the shortfall and the award of the DHP. However, if bigger changes are made, these will obviously affect the payments.

The Systems Officer confirmed that a specific work type had been set up that allows for staff to type relevant notes, with the memo being sent to the DHP work queue. Upon review of the system, two of these memos had been created with one referring to an overpayment and another currently outstanding.

The testing undertaken above identified one recipient that had received an amended UC award that should potentially have been reviewed to determine if the DHP was still relevant. However, this review had not been undertaken as the change to UC had not been identified at the time.

The BCSM and the PBO advised that it is up to the recipient to flag any relevant changes and reviewing all changes to UC would be extremely time-consuming. However, the BCSM suggested that sample testing on a number of changes to UC to ascertain if the changes would affect the DHP would be possible.

Recommendation

Sample testing of changes to universal credit should be undertaken to ascertain if the DHPs need to be amended.

Where an overpayment has been made, the 'debt' has to be raised through a sundry debt invoice.

As highlighted above, the sample testing of DHPs identified only one case where the DHP had been potentially overpaid, and this had not been reviewed. For the two memos raised, one is outstanding and the other was to be recovered from their rent account.

As a result, the BCSM provided a sample of sundry debt invoices that had been raised through the system to confirm that the process did operate as set out.

4.3 Legal and Regulatory Risks

4.3.1 The Council's Discretionary Housing Payment scheme does not comply with guidance from the DWP.

The BCSM advised that updates to guidance and circulars would be emailed to her and they are also all published online.

Upon review of the Council's DHP policy, it was confirmed that it is in line with the guidance. It is noted that the regulations allow for a fair degree of discretion in the interpretation of what can and can't be included under the 'scheme'.

The latest version of the Council's policy (June 2019) was reported to Executive in July 2019 and was formally agreed.

4.4 Reputational Risks

4.4.1. Claims of discrimination over the refusal of Discretionary Housing Payment applications.

The Council's DHP policy sets out general details on what can be covered and what will be taken into account, although it specifically highlights that the '... policy is not intended to define the specific situations of when we will or will not make a discretionary payment, to do so would make the policy too rigid

and may prevent payments being made where there are exceptional or unusual circumstances.’ However, it is intended to cover current needs rather than past debts.

The BTL advised that there is nothing specific recorded to show how the applications have been assessed against the criteria with the decision effectively recorded by the fact that the applications are either approved or refused.

In terms of the refused applications, there are comments included on the monitoring spreadsheets to record the reason for refusal.

The BTL advised that if an ‘appeal’ is raised against a refused application, the other Benefits Team Leader would review the application to ensure that the decision reached is appropriate. Details of the cases that have been reconsidered are also recorded in the comments column on the monitoring spreadsheets.

The outcomes of the review performed are included on CIVICA against the relevant module, either by way of details of the award or the continued refusal of the claim.

4.5 **Fraud Risks**

4.5.1 **Benefit (including Discretionary Housing Payment) is paid in excess of entitlement on the strength of false representation or wilful failure to disclose changes in circumstances.**

The BCSM advised that the two staff who deal with the applications (i.e. the two BTLs) have received fraud training and are heavily involved in dealing with Benefits too so are aware of what to look out for.

She highlighted that there had been one fraud case that had involved a DHP alongside other benefits. Upon review of the diary notes on the system and the documentation on the system workflow, it was confirmed that the case had been referred to the Fraud Investigation team as appropriate.

5 **Conclusions**

5.1 Following our review, in overall terms we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Housing Benefit & Council Tax Reduction (Discretionary Housing Payments) are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.

Level of Assurance	Definition
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

5.3 There is one issue that requires further action:

- No regular reviews are performed of changes to universal credit to ascertain if changes would affect the DHP awards.

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 Housing Benefit and Council Tax Reduction – September 2021

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2	Financial Risks - Unidentified changes to Universal Credit result in overpayments of Discretionary Housing Payment.	Sample testing of changes to universal credit should be undertaken to ascertain if the DHPs need to be amended.	Low	Benefits and Customer Services Manager	The Benefits and Customer Services Manager will request that the Benefits Team Leaders undertake a percentage check for accuracy. The results should be reviewed after three months to determine whether more in-depth checking is required.	Start date 01/10/2021

* 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.

Title: External Review of Internal Audit 2021: Update on
Implementation of Recommendations
Lead Officer: Richard Barr
Portfolio Holder: Councillor Hales
Wards of the District directly affected: None directly impacted

Summary

The Report advises on progress in achieving the recommendations arising from the recent external review of Internal Audit.

Recommendation

- 1 That the report, including its appendix, be noted.
-

1 Background

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that "*The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity*" and that "*The quality assurance and improvement programme must include both internal and external assessments.*"
- 1.2 As well as internal assessments of the performance of the internal audit function that include ongoing monitoring of the activity and periodic self-assessments, external assessments must be conducted at least once every five years by a qualified, independent assessor from outside the organisation.
- 1.3 The PSIAS states that the "*External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.*" The Council opted for a full external assessment to provide greater objectivity and potential for learning i.e. greater value from the exercise.
- 1.4 The PSIAS requires that the results of external assessments be communicated to 'the board'. Consequently, the assessor's report was presented to Finance and Audit Scrutiny Committee soon after the assessment was completed and reported.
- 1.5 The assessor's report included an action plan with the assessor's recommendations on improvements and Internal Audit's responses to them detailing how the recommendations will be addressed. In compliance with the PSIAS, Members are now being updated on progress in implementing recommendations. The latest position in respect of implementing the recommendations contained within the action plan is set out as Appendix 1.

- 1.6 The PSIAS also states that "*The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.*" The improvement plan that forms part of the external assessor's report will therefore be included within the Internal Audit Annual Report that will be issued to Finance & Audit Scrutiny Committee in March 2022.

2 Alternative Options available to Committee

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

3 Consultation and Members' comments

- 3.1 Include any comments received in response to the consultation on the report.
No comments received.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

- 4.1.1 Include a summary of the legal or human rights implications of the proposal.
Not applicable.

4.2 Financial

- 4.2.1 Include a summary of the financial implications of the proposal.
Not applicable.

4.3 Council Plan

4.3.1 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.

4.3.2 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.

4.4 Environmental/Climate Change Implications

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

4.5 Analysis of the effects on Equality

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

4.6 Data Protection

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

4.7 Health and Wellbeing

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

5 Risk Assessment

5.1 Internal Audit provides a view on all aspects of governance, including corporate and service arrangements for managing risks.

5.2 It is difficult to provide a commentary on risks as the report is concerned with the outcome of a review by Internal Audit by an external body. Having said that, there are clear risks to the Council in not dealing with the issues raised within the Internal Audit reports (these risks were highlighted within the reports). There is also an overarching risk associated with the Finance & Audit Scrutiny Committee not fulfilling its role properly e.g. not scrutinising this report robustly.

6 Conclusion/Reasons for the Recommendation

6.1 The report sets out progress in achieving the recommendations arising from the recent external review of Internal Audit. All recommendations have been addressed or are in the process of being addressed in line with the timetable agreed with the assessor. The service is therefore on course for full compliance with the Internal Audit Standards. This is due to occur by 1 April 2023 (although compliance with the Quality Assurance and Improvement Programme – a continuous series of self-reviews against the Standards – is, as the term suggests, dependent on ongoing activity). These actions will aid effective governance within the Council.

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.

All Papers referred to in this report are published documents.

Supporting documents:

Report from Assessor (reported to Finance and Audit Scrutiny Committee on 17 March 2021).

Report Information Sheet

Committee/Date	Finance and Audit Scrutiny Committee – 8 December 2021	
Title of report	External Review of Internal Audit 2021: Update on Implementation of Recommendations	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)		
Portfolio Holder WDC & SDC *		26/11/2021
Financial Services *		
Legal Services *		
Other Services		
Chief Executive(s)		
Head of Service(s)		26/11/2021
Section 151 Officer		As Head of Service.
Monitoring Officer		
CMT (WDC)		
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Cttee/Council?		The former.
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?		File/Info/Inspect Document/Check Accessibility

Appendix to Report: Table Setting Out Progress in Achieving Action Plan

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
Mission	Non-conforming	There is no recognition of the mission in the Charter or other audit documents.	Quote the mission and/or demonstrate how it is delivered in the Charter	R1	Immediate – in time for new Plan and Charter (March 2021)	The Charter was immediately updated to reflect this. Finance and Audit Scrutiny Committee has approved this updated version of the Internal Audit Charter.
Core principles of internal audit	Partially conforms	The team generally conforms to the majority of the core principles of internal audit but the principles are not recognised in any of the key documents (especially the Charter and the Audit Manual) and more needs to be done to deliver to them. The recommendations made elsewhere will support this.	Highlight the Core Principles in the Charter and other relevant documents, identifying how the audit function delivers against them See also R5, R7, R8, R9, R10, R11	R2	Charter: Immediate – in time for new Charter (March 2021) Manual: By Sept 2021	The Charter and the Internal Audit Manual have been updated accordingly.

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
Code of Ethics	Conforms	All interviewees stressed the emphasis placed on ethics by the audit team and their independence and objectivity.				
Attribute Standards						
1000 Purpose, authority and responsibility	Partially conforms	<p>The Charter is missing some of the required information:</p> <ul style="list-style-type: none">• Reference to the Core Principles and the Code of Ethics (Standard 1010)• Details of safeguards for non-audit work (Standard 1112). <p>Audit resources should be determined by the CAE, not by the Head of Finance and the F&ASC as currently specified in the Charter (Standards 1010 and 2030).</p>	<p>See R2 and R6</p> <p>Revise the Charter to refer to the Code of Ethics.</p> <p>The CAE should determine the resources needed by the audit function and set out how this is done in the Charter and the annual audit plan.</p>	R3 R4	From 2022/23 financial year, in time for delivering Stratford's internal audit service from 1 April 2022.	<p>The Charter and the Audit Plan have been updated to incorporate these items.</p> <p>The resources are in the process of being reviewed to ensure that the service for both Warwick and Stratford can be delivered.</p>

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
1100 Independence and objectivity	Partially conforms	<p>LGAN</p> <p>Ideally, to safeguard his independence, the CAE should report to a second-tier officer, ie one of the deputy chief executives, or the chief executive. The current arrangements work because of the people involved and the CAE has unhindered access to senior staff, but these arrangements should be built into the organisational structure.</p> <p>Standards 1010, 1112, 1130.A2 and LGAN</p> <p>Risk, insurance and counter-fraud come under the leadership of the CAE which could, potentially, compromise audit's independence and objectivity when</p>	<p>Examine alternative and more senior reporting arrangements for the CAE.</p> <p>Safeguards, including independent audit arrangements and/or alternative reporting arrangements (for example, to another member of the management team), should be put in place to manage audit's independence and objectivity when they carry out non-audit activities. These should be discussed with and approved by the F&ASC and included in the Audit Charter</p>	R5 R6	By April 2021. Immediate – in time for new Plan and Charter (March 2021)	The Chief Executive and the Deputy Chief Executive & Monitoring Officer have reaffirmed their support for the following arrangements, viewing that the safeguards that are in place and the culture of the organisation mitigate the risk: The Audit and Risk Manager reports directly to the Head of Finance (Section 151 Officer). If the Audit and Risk Manager requires, however, he can report to the Chief Executive and/or Deputy Chief Executive & Monitoring Officer. This is set out in the Internal Audit Charter as well as other documents. (The Code of Financial Practice will be updated to

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
		<p>undertaking audits of these areas. There should be safeguards put in place to manage this.</p> <p>Independence and objectivity are otherwise well managed.</p>				<p>strengthen this.) In addition, the Audit and Risk Manager can approach any member of the senior management team directly and can, if necessary, report directly to Members comprising the Leader of the Council, the Chair of Finance and Audit Scrutiny Committee and the Finance Portfolio Holder. In addition, as required, the Audit and Risk Manager meets regularly with the Chair of Finance and Audit Scrutiny Committee on matters of internal audit business as a matter of routine, as required by the Public Sector</p>

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
						<p>Internal Audit Standards.</p> <p>The 'safeguards' in place have been formally set out within the new Charter.</p>
<p>1200 Proficiency and due professional care</p>	<p>Conforms</p>	<p>Audits are well-planned, well-structured, well-documented and easy to follow. Shifting to a risk-centric approach, as opposed to a compliance-driven one, would increase the value provided by audit's activities to the Council.</p>	<p>See R8, R9, R10, R11</p>			
<p>1300 Quality assurance and improvement programme (QAIP)</p>	<p>Partially conforms</p>	<p>Internal audit performs and reports QAIP activities as indicated in the Standards but its failure to recognise the updates to the Standards shows some weaknesses in the approach.</p>	<p>Develop a robust programme of QAIP activities that cover all the Standards on a rolling basis and involve all members of the audit team in this work.</p>	<p>R7</p>	<p>By May 2021 and then ongoing.</p>	<p>A programme of QAIP has been set up for the next five years. As suggested, this will involve all members of the Internal audit team – tasks have already been assigned</p>

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
						to Internal Audit team members.
Performance standards						
2000 Managing the internal audit activity	Partially conforms	Standards 2010, 2010.A1 and the LGAN Internal audit works from a rolling three-year plan which is revised each year to make any changes to reflect the current position of the Council. There is some flexibility in the plan for in-year changes (for example for the pandemic) and also contingency time for ad hoc work. The plan has a general risk reference for each audited area but does not go into details about the risk, its level, to prioritise audit work, or the links to the council's	Develop the risk focus of the annual plan to describe the risk relating to each audit more fully, show the relative priority of each audit based on a risk score and indicate the links to the council's risk registers.	R8	From 2022/23 financial year, in time for delivering Stratford's internal audit service from 1 April 2022.	The format of the plan will be amended accordingly with the review coinciding with the setting of the plan for Stratford DC when the service is taken on.
			Make the link to the council's activities, priorities and strategies clearer, both in the annual plan and in individual engagement plans.	R9	By April 2021, in time for 2021/22 financial year.	The audit brief setting out the scope & objectives for each audit has already been revised to take these issues into account.

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
		<p>risk registers. It also cross refers to the council's strategic plans but these plans are not obviously used as a driver for the audit.</p>				
		<p>Standard 2030 The audit plan should set out how internal audit's resource requirements have been assessed.</p>	<p>See R4</p>		<p>From 2022/23 financial year, in time for delivering Stratford's internal audit service from 1 April 2022.</p>	<p>See response to R4.</p>
		<p>Standard 2050 The annual audit plan does not set out where audit works with other assurance providers (for example, IIP assessors, cyber security reviews, external audit, etc) to reduce duplication</p>	<p>Indicate other sources of assurance in the audit plan.</p>	<p>S1</p>	<p>From 2022/23 financial year, in time for delivering Stratford's internal audit service from 1 April 2022.</p>	<p>This will be done for the next Audit Plan in conjunction with the rest of the team and after 'surveying' heads of service.</p>

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
2100 Nature of work	Conforms	Internal audit's work covers the areas required by the PSIAS and LGAN. It could be improved by increasing the links to the Council's priorities and risks, so demonstrating the contribution that internal audit makes to delivery for the Council and auditees. In particular, it should ensure that it audits against any identified fraud risks (standards 1210.A2 and 2120.A2).	Include an examination of the ways in which fraud risks are managed in relevant audits See also R8, R9 and R11	R10		Where fraud risks are identified (and are recorded on the audit brief), the scope of the work and the testing programme will be set accordingly.
2200 Engagement planning	Partially conforms	Standards 2201, 2210.A1 and 2210.A2 Engagement planning documents all include a risk appraisal, but that appraisal could be extended to consider risk more broadly (it is under set headings) and the risks identified are	Strengthen risk planning for audit engagements, to address the risks identified in the annual plan and to think broadly about all risks relevant to the audited area. Ensure the audit is	R11	From 2022/23 financial year, in time for delivering Stratford's internal audit service from 1 April 2022.	The format of relevant documents (i.e. the audit brief, programme and report) have been amended to ensure that risk becomes the focus of the work.

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
						will be amended so that this can be recorded.
2300 Performing the engagement	Conforms	The review showed that audits are well-performed and clearly documented. It was straightforward to follow audits through from planning to reporting.				
2400 Communicating the results	Conforms	Audit reports are clear and complete. They report all areas examined and, although long, the level of detail is valued by auditees and other readers.	Consider ways to make audit reports punchier (bullet points and similar) and shorter (putting details about the audited area in an appendix).	S2		This has been considered but auditees, managers and, perhaps most importantly, Members. like the format of the current Internal Audit reporting style and format.
2500 Monitoring progress	Partially conforms	Audits are formally followed up when they are next reviewed as part of the audit cycle and they are informally followed up on their due dates. This could mean a delay of up to three	A formal and timely follow-up process should be implemented and set out in the audit manual. As a minimum, high priority/limited	R14	By April 2021, effective from 2021/22 financial year.	A process making better use of the intranet form has been drawn up. This requires the relevant officer to provide an update on the recommendation as soon as it has been

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
		<p>years before a high-priority recommendation is chased up and it may mean that one-off audits and pieces of consultancy are never followed up formally. The process is not described in the audit manual.</p>	<p>assurance recommendations should be formally checked for implementation at their due dates, with evidence being obtained where relevant.</p>			<p>addressed and to provide supporting evidence via completion of the intranet form.</p> <p>Reminder emails are now sent to relevant staff on a quarterly basis if they have not provided an update.</p> <p>The reporting process to F&A has also changed so that recommendations that were due to be completed in the preceding quarter are reported on as opposed to all recommendations contained within audit reports produced within a certain timeframe.</p> <p>Where recommendations have not been addressed in a timely manner, the relevant</p>

Standard	Level of Conformance	Findings	Recommendations and Suggestions	Rec no	Original Timescale for Implementing Recommendations	Progress
						<p>officer is required to provide a new date by which they aim to complete the action, and they are expected to provide an update via the intranet form once completed.</p> <p>If the recommendation has not been addressed by this revised date, they will be required to appear before F&A to explain their lack of action.</p>
<p>2600 Communicating the acceptance of risks</p>	<p>Conforms</p>	<p>There was no evidence that risks have been left unmitigated following an audit, highlighting the priority given to audit findings.</p>				

Title: Statement of Accounts – Updated Audit Findings Report
Lead Officer: Mike Snow (01926 456800)
Portfolio Holder: Councillor Hales
Wards of the District directly affected: N/A

Summary

Further to the Audit Findings Report on the 2020/21 Accounts issued by the Council's external auditors to the last meeting of the Committee, Grant Thornton have now issued an updated report in the anticipation that they should be able to sign off the Accounts following the meeting of the Committee.

Recommendation(s)

- (1) That the Committee notes the 2020/21 Updated Audit Findings Report.
-

1 Background/Information

- 1.1 Progress on the audit of the 2020/21 Statement of Accounts was reported to the Finance & Audit Scrutiny Committee in November. Since then, work on the audit has progressed. The auditors hope to be able to sign off the accounts following the December meeting of the Committee.
- 1.2 The Committee has already agreed that any changes required to the accounts are delegated to the Head of Finance in consultation with the Chairman of the Committee. The Committee also approved the Letter of Representation which will be sent to the auditors when they are ready to sign off the accounts.
- 1.3 Grant Thornton have also issued a Sector Update Report for the consideration of members of the Committee.

2 Alternative Options available to Finance and Audit Scrutiny Committee

- 2.1 No alternative options are presented for consideration.

3 Consultation and Member's comments

N/A

4 Implications of the proposal

4.1 Legal/Human Rights Implications

- 4.1.1 N/A

4.2 Financial

- 4.2.1 No update to the detail reported to the November meeting of the Committee.

4.3 Council Plan

- 4.3.1 The Council Plan is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the Plan

contains several Key projects.

4.3.2 The Council Plan has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website.

4.3.3 The audited accounts support all strands of the Council Plan by way of confirming how the Council is using its resources.

4.4 **Environmental/Climate Change Implications**

4.4.1 N/A

4.5 **Analysis of the effects on Equality**

4.5.1 N/A

4.6 **Data Protection**

4.6.1 N/A.

4.7 **Health and Wellbeing**

4.7.1 N/A.

5 Risk Assessment

5.1 The closure of the Accounts continues to be a key project across the Council. This has had detailed action plans, which are closely monitored, and are designed to reduce the risks involved in closing the Accounts and producing the Audited Statement of Accounts.

6 Conclusion/Reasons for the Recommendation

6.1 The Committee are asked to agree the proposed recommendations.

Background papers:

Updated Audit Findings Report

Sector Update Report

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	Finance & Audit Scrutiny Committee, 8 December 2021	
Title of report	Statement of Accounts – Updated Audit Findings Report	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)		N/A
Portfolio Holder WDC & SDC *	29/11/2021	Clr Hales
Financial Services *	29/11/2021	Andrew Rollins
Legal Services *	29/11/2021	Phil Grafton
Other Services		
Chief Executive(s)	29/11/21	Chris Elliott
Head of Service(s)	29/11/2021	Mike Snow
Section 151 Officer	29/11/2021	Mike Snow
Monitoring Officer	29/11/2021	Phil Grafton
CMT (WDC)	29/11/2021	
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to :Cabinet / CouncilCommittee
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/Yes, Forward Plan item – scheduled for (date)
Accessibility Checked?		File/Info/Inspect Document/Check Accessibility

The updated Audit Findings for Warwick District Council

Year ended 31 March 2021

Warwick District Council

8 December 2021

1. Executive summary

This page updates Those Charged with Governance on the work completed following presentation of our Audit Findings Report on 3 November 2021.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We presented our Audit Findings Report to the Finance & Audit Scrutiny Committee (the Committee) on 3 November 2021. We reported that, subject to outstanding queries being resolved, we anticipated issuing an unqualified audit opinion. These outstanding items were:

- completion of our work in relation to property valuations;
- completion of our work in relation to the net pension liability;
- completion of our work in relation to journals testing;
- completion of our work in relation to the Movement in Reserves Statement;
- completion of our work in relation to housing benefit expenditure;
- receipt of management representation letter; and
- review of the final set of financial statements.

Officers and the audit team have continued to make progress on these areas, and we are now in a position to provide the Committee with an update on each of these items. We anticipate that, after the Finance & Audit Scrutiny Committee meeting on 8 December 2021, we will be in a position to provide an unqualified audit opinion on the Council's financial statements.

As the Whole of Government Accounts (WGA) guidance and reporting template has yet to be issued we will not be able to provide a Certificate closing the audit. Work on our Annual Auditor's Report is close to completion and we will share a draft of our report with the Council in December.

2. Updated audit findings

We report below the audit findings in relation to the items which were outstanding when we presented our report to the Finance & Audit Scrutiny Committee on 3 November 2021.

Property valuations

Our work in this area is now complete and we are satisfied that the overall value of council dwellings of £411,124k is fairly stated. However, in addition to the findings reported on 3 November, we encountered a number of challenges with regard to the valuation of council dwellings. The housing stock totals 5,462 dwellings, with a requirement to revalue annually. In order to make this achievable councils apply the “Beacon” approach. This involves determining a much small number of properties which are representative of similar groups, for example “Warwick - 1945-1959 3 & 4 bed houses”. Warwick District Council has 53 such “beacons”. For each beacon the same property is revalued each year, and the value applied to the rest of the group, with appropriate adjustments for the number of bedroom etc. Our work in this area found:

- One beacon property which the Council has not owned since 1992. While we are satisfied that the property is representative of the beacon it represents, it would make more sense to value properties which the Council actually owns, and therefore has access to.
- The list of beacons provided to the external valuer, Carter Jonas, was not the same as the list provided to audit. This caused additional work as it appeared that the beacon properties valued were not actually representative of the group. Testing of an initial sample of 10 beacon properties being checked back to the housing system to test the beacon categorisation of the properties identified two errors. We extended the sample to test a further 10 properties. This further testing identified one property no longer owned by the Council (see bullet point above) and one property categorised in the wrong beacon. Further discussions between Carter Jonas (Valuers) and Officers identified that the beacon definition listing originally provided to audit was erroneous and meant all beacons after number 42 were incorrect due to a duplication in category in the erroneous list. This has led to this particular area of work taking much longer than necessary but does mean we are able to conclude that the properties tested were in fact in the correct beacon.

Net pension liability

Our work in this area is now complete and we have no further issues to report.

Journals testing

Our work in this area is now complete. While we did not identify any evidence of management override of controls our risk based testing of 26 journals identified two which had not been authorised in accordance with the Council policy. Further investigation identified eight other journals that had not been authorised as required. Officers have since reviewed these and are satisfied that they are appropriate. Our audit testing confirms this to be the case.

Prior Period Adjustment

Our work identified that the prior year Net Cost of Services figures in the Comprehensive Income and Expenditure Statement (CIES), together with the Expenditure and Financing Analysis (EFA), had been amended from the audited accounts. This is because of a re-organisation of the Council Portfolios, with the prior year figures being restated so that they are comparable with the current year. While this is appropriate, the CIPFA Code requires certain disclosures so that a reader of the financial statements can see the movements between years for each impacted note. This includes clearly showing which note is “Restated”. We have agreed appropriate disclosures with Officers, including a new Note (41) which includes the detail.

2. Updated audit findings continued

We report below the audit findings in relation to the items which were outstanding when we presented our report to the Finance & Audit Scrutiny Committee on 3 November 2021.

Movement in Reserves Statement

Our work on the Movement in Reserves Statement (MiRS) is still ongoing, but we have no further issues to report at this stage.

Housing benefit expenditure

We have a small amount of work to complete in this area. We expect this to be done before the Finance & Audit Scrutiny Committee on 8 December. We do not anticipate that this work will impact on our proposed audit opinion.

Receipt of management representation letter

We will ask for this to be signed, dated and provided to us after the Finance & Audit Scrutiny Committee on 8 December.

Review of the final set of financial statements

We anticipate completing our final checks, to ensure that all of the requested amendments have been made, before the Finance & Audit Scrutiny Committee on 8 December.



Warwick District Council Sector Update Report

Year ending 31 March 2021

8 December 2021



Introduction

Your key Grant Thornton team members are:

Grant Patterson

Key Audit Partner

T 0121 232 5296

E grant.b.Patterson@uk.gt.com

Neil Preece

Engagement Manager

T 0121 232 5292

E neil.a.preece@uk.gt.com

The paper includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Finance & Audit Scrutiny Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Financial Reporting Council annual report

On 29 October, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here:

[FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our "Opinion" results over the past three years are shown in the table below:

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Good with limited improvements (Grade 1 or 2)	6	1	1
Improvements required (Grade 3)	3	5	2
Significant improvements required (Grade 4)	0	0	1
Total	9	6	4

Our "VFM" results over the past two years are shown in the table below. The FRC did not review VFM in 2018/19:

Grade	Number 2020/21	Number 2019/20
Good with limited improvements (Grade 1 or 2)	6	6
Improvements required (Grade 3)	0	0
Significant improvements required (Grade 4)	0	0
Total	6	6

FRC report (cont.)

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID-19, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local
government

Government response to MHCLG Select Committee report on Local Authority financial sustainability & the section 114 regime – MHCLG

Government has published a response to the Housing, Communities & Local Government (HCLG) Committee report on local authority financial sustainability and the section 114 regime, published in July.

The HCLG report states “In recent years, the financial sustainability of local government has faced successive challenges, including increased demand for services, especially social care, changes to the level of funding equalisation between councils and, most recently, the COVID-19 pandemic. In some instances, councils have been in such acute financial trouble that they have approached the Ministry of Housing, Communities and Local Government for financial assistance; three of these—Northamptonshire in 2018, Croydon in late 2020 and Slough in July 2021—issued section 114 notices, essentially declaring they had run out of money. Our inquiry has sought to identify the most serious threats facing local councils’ finances. In light of the various factors we consider in the report, including the somewhat delayed Fairer Funding Review, renewed discussion about property taxes and the need to reform funding for social care, the time is right to consider a more radical review of local government finances—and our report makes various recommendations about how this should be done. We also consider what happened at Croydon—which prompted us to look at the section 114 regime—in the annex to our report.”

The report includes sections on:

- Social Care
- Funding
- COVID-19
- Local authority commercial investment
- Audit and control

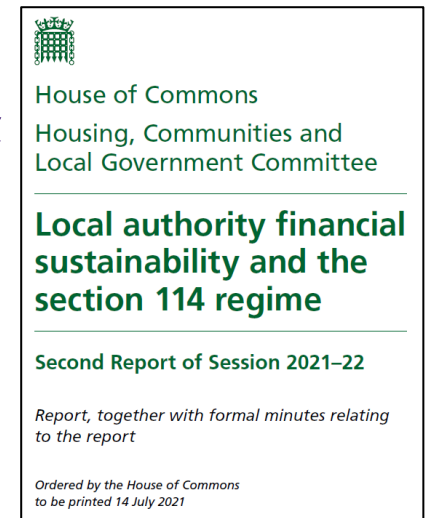
The report made 13 recommendations, and the Government response to these was published in October. The response notes “Moving forward, we will work to provide the sector with a sustainable financial footing, enabling it to deliver vital frontline service and support other government priorities. We will also take stock, including of the impact of the pandemic on local authority resources and service pressures, to determine any future reforms.”

The initial report can be found here:

<https://committees.parliament.uk/publications/6777/documents/72117/default/>

Government response can be found here:

<https://www.gov.uk/government/publications/local-authority-financial-sustainability-and-the-section-114-regime>



Public Accounts Committee (PAC) – Local auditor reporting on local government in England & government response

The PAC inquiry examined the timeliness of auditor reporting on English local public bodies' financial statements covering 2019-20. The National Audit Office (NAO) report, on which this inquiry is based, found that “delays in the delivery of audit opinions beyond the deadlines for publishing local authority accounts, alongside concerns about audit quality and doubts over audit firms' willingness to continue to audit local public bodies, highlight that the situation needs urgent attention.”

The PAC report found “Without urgent action from government, the audit system for local authorities in England may soon reach breaking point. With approximately £100 billion of local government spending requiring audit each year, the Ministry of Housing, Communities & Local Government (the Department) has become increasingly complacent in its oversight of a local audit market now entirely reliant upon only eight firms, two of which are responsible for up to 70% of local authority audits. This has not been helped by the growing complexity of local authority accounts, with audit firms now asked to carry out more work in each audit, comply with new regulatory demands and adapt to the new multifaceted landscape in which local authorities operate, while also struggling to hire and retain experienced auditors.”

Key conclusions were:

- The marked decline in the timeliness of external audit undermines accountability and hampers effective decision-making.
- There is a pressing risk of market collapse due to an over reliance on a small number of audit firms and significant barriers to entry.
- The commercial attractiveness to audit firms of auditing local authorities has declined.

- The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.
- We are not convinced that the recently announced new local audit arrangements will meet the pressing need for effective system leadership now.
- Unless local authority accounts are useful, relevant and understandable they will not aid accountability.

The report made recommendations in each of these areas. The government response was published on 28 October.

The PAC report and response can be found here:

[Timeliness of local auditor reporting on local government in England - Committees - UK Parliament](#)



House of Commons
Committee of Public Accounts

Local auditor reporting on local government in England

Eleventh Report of Session 2021–22

2020/21 audited accounts – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has reported that only 9% of local government audits for 2020/21 were completed by the end of September. This is a sharp contraction on the 45% filed on time for 2019-20, and is the third successive year where the number of accounts produced on schedule has reduced.

PSAA state “The challenges posed by COVID-19 have contributed to the current position. However, a range of further pressures documented in the Redmond Report are also continuing to impact performance. In particular there is a shortage of auditors with the knowledge and experience to deliver the required higher quality audits of statements of accounts, which increasingly reflect complex structures and transactions, within the timeframe expected. The growing backlog of audits is also a concern, with 70 of the 2019/20 audits still incomplete.”

Grant Thornton commented “Audit quality remains a priority for our firm and we continue to work hard with local audit stakeholders to ensure the delivery of high quality audits in as timely a fashion as is practicable. Unfortunately, much of this work will be delivered past the 30 September target date, owing to ongoing constraints posed by the COVID-19 pandemic and the backlog this has caused. We remain committed to public sector audit and are now focused on delivering the majority of our local audits by December 2021.”



The news article can be found here:

<https://www.psaa.co.uk/2021/10/news-release-2020-21-audited-accounts-psaa/>

2023-24 audit appointments – Public Sector Audit Appointments

Following a consultation exercise Public Sector Audit Appointments (PSAA) has invited all principal local government including police and fire bodies to become opted-in authorities. At the same time it published its procurement strategy and prospectus for the national scheme from April 2023. Both documents have evolved in response to the feedback provided by the market engagement exercise and consultation on the draft prospectus undertaken during June 2021.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and

- establishing arrangements that are able to evolve in response to changes to the local audit framework.

PSAA set out the proposed timeline, which anticipates contracts being awarded in August 2022.



The news article can be found here:

<https://www.psa.co.uk/2021/09/psaa-publishes-its-prospectus-and-procurement-strategy-and-invites-eligible-bodies-to-opt-in-from-april-2023/>

The procurement strategy can be found here:

<https://www.psa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/procurement-strategy/>

Guide to support Value for Money (VfM) analysis for public managers – CIPFA

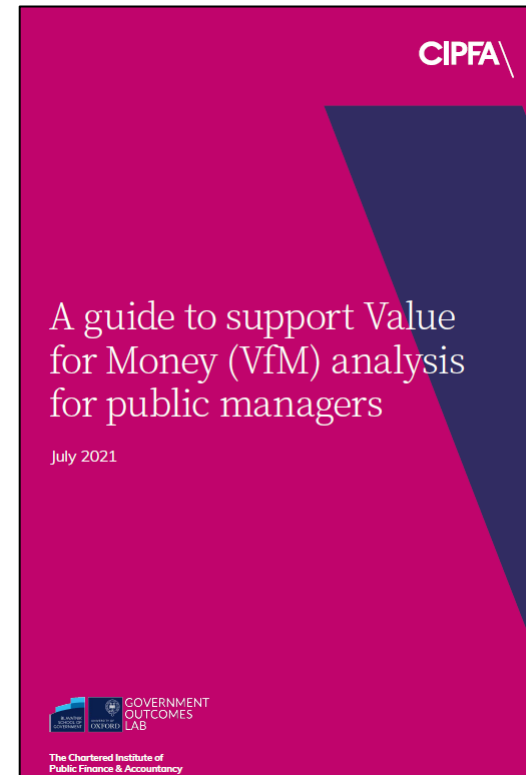
The Chartered Institute of Public Finance and Accountancy (CIPFA) has published this guide which complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA.

CIPFA state “The guide is aimed at public managers planning to assess Value for Money (VfM) of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.”

CIPFA explain that the guide:

- Describes what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular the guide emphasises the link between economy and effectiveness criteria.
- Promotes thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.

The guide is available to CIPFA members through the website.



Climate change risk: A good practice guide for Audit and Risk Assurance Committees – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a key role in supporting and advising the board and Accounting Officer in their responsibilities over risk management.

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks. We have outlined specific reporting requirements that currently apply.

Our primary audience is ARAC chairs of bodies that we audit, but the principles of the guide will be relevant for bodies across the wider public sector. It promotes good practice and should not be viewed as mandatory guidance.

Climate change and the nature of its impacts on organisations globally is changing rapidly. This guide acknowledges the evolving nature of climate change and its associated risks and opportunities and will be refreshed in the future to reflect those changes.”

The guide includes sections on “How to support and challenge management”. This includes sections on governance and leadership; collaboration; risk identification and assessment; risk treatment, monitoring and reporting and continual improvement. There is also a “Complete list of questions that Audit and Risk Assurance Committees can ask” for each of these areas. The guide also includes “Key guidance and good practice materials” with links.



The report can be found here:

[Climate change risk: A good practice guide for Audit and Risk Assurance Committees - National Audit Office \(NAO\) Report](#)

Local government and net zero in England – NAO

The National Audit Office (NAO) report responds to a request from the Environmental Audit Committee to examine local government and net zero. It considers how effectively central government and local authorities in England are collaborating on net zero, in particular to:

- clarify the role of local authorities in contributing to the UK's statutory net zero target; and
- ensure local authorities have the right resources and skills for net zero.

The NAO comment “While the exact scale and nature of local authorities’ roles and responsibilities in reaching the UK’s national net zero target are to be decided, it is already clear that they have an important part to play, as a result of the sector’s powers and responsibilities for waste, local transport and social housing, and through their influence in local communities. Government departments have supported local authority work related to net zero through targeted support and funding. However, there are serious weaknesses in central government’s approach to working with local authorities on decarbonisation, stemming from a lack of clarity over local authorities’ overall roles, piecemeal funding, and diffuse accountabilities. This hampers local authorities’ ability to plan effectively for the long-term, build skills and capacity, and prioritise effort. It creates significant risks to value for money as spending is likely to increase quickly.

MHCLG (now DLUHC), BEIS and other departments recognise these challenges and are taking steps to improve their approach. Their progress has understandably been slowed by the COVID-19 pandemic, but there is now great urgency to the development of a more coherent approach.”

Key findings include:

- Central government has not yet developed with local authorities any overall expectations about their roles in achieving the national net zero target.
- There is little consistency in local authorities’ reporting on net zero, which makes it difficult to get an overall picture of what local authorities have achieved.
- Neither MHCLG nor HM Treasury has assessed the totality of funding that central government provides to local government that is linked with net zero.

The report can be found here:

<https://www.nao.org.uk/report/local-government-and-net-zero-in-england/>



Cyber and information security: Good practice guide – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees scrutinise cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

The NAO state “Audit committees should gain the appropriate assurance for the critical management and control of cyber security and information risk.

Cyber security is the activity required to protect an organisation’s data, devices, networks and software from unintended or unauthorised access, change or destruction via the internet or other communications systems or technologies. Effective cyber security relies on people and management of processes as well as technical controls.

Our guide supports audit committees to work through this complexity, being able to understand and question the management of cyber security and information risk.

It takes into account several changes which affect the way in which we interact with and manage our information and can drive increased risk. These include changes to the way we work and live due to the COVID-19 pandemic and the ongoing demand to digitise and move to cloud-based services.

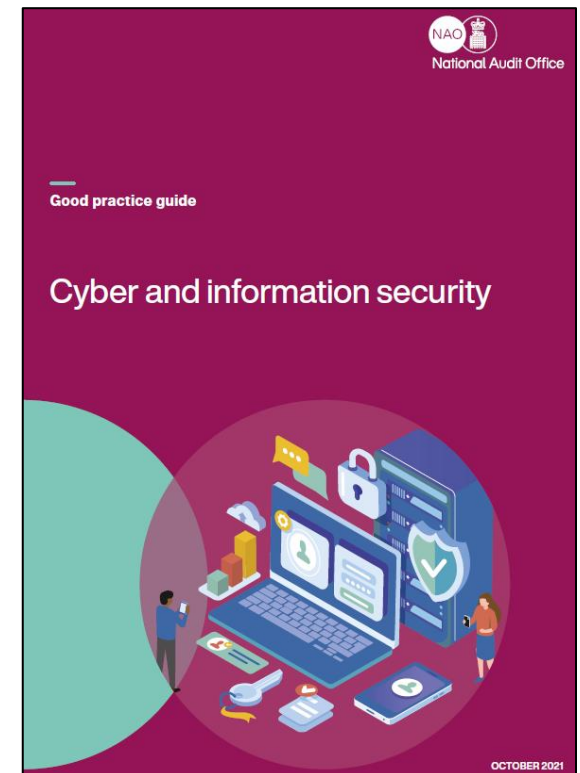
The strategic advice, guidance and support provided by government has also been updated to keep pace with these changes, detailing the impact and risks on the management of cyber security and information risk.

The guide provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security
- Specific aspects, such as information risk management, engagement and training, asset management, architecture and configuration, vulnerability management, identity and access management, data security, logging and monitoring and incident management.”

The report can be found here:

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>





© 2021 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Finance & Audit Scrutiny Committee
3 November 2021

Title: Work Programme, Forward Plan & Comments from Cabinet

Lead Officer: Graham Leach

(T. 01926 456114 or E. committee@warwickdc.gov.uk)

Portfolio Holder: Not applicable

Public report

Wards of the District directly affected: Not applicable

Accessibility checked: Yes

Summary

This report informs Members of Finance & Audit Scrutiny Committee of its work programme for 2021/2022 Municipal Year (Appendix 1) and of the current [Forward Plan](#).

Recommendations

- (1) That the Committee considers the work programme attached as Appendix 1 to the report and make any changes as required;
 - (2) That the Committee identifies any Cabinet items on the Forward Plan which it wishes to have an input before the Cabinet makes its decision; and
 - (3) That the Committee considers its workload for the coming months, specifically how it can accommodate the work within their scheduled meetings.
 - (4) The Committee agrees to defer the review of the Council's democratic structure until the later of (a) a decision by the Council on 13 December regarding the potential merger of the Council; or (b) the decision from the Secretary of State for Levelling Up, Housing Communities on the application for this Council to be merged.
-

1 Background/Information

- 1.1 The five main roles of overview and scrutiny in local government are: holding to account; performance management; policy review; policy development; and external scrutiny.
- 1.2 The pre-decision scrutiny of Cabinet decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Cabinet decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 1.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve-month period to give a clearer picture of how and when the Council will be making important decisions. A key decision is a decision which has a

significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.

- 1.4 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions. There may also be policies identified on the Forward Plan, either as key or non-key decisions, which the Committee could pre-scrutinise and have an impact upon how these are formulated.
- 1.5 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan.
- 1.6 At each meeting, the Committee will consider their work programme and make amendments where necessary, and also make comments on specific Cabinet items, where notice has been given by 9am on the day of the Finance & Audit Scrutiny Committee meeting. The Committee will also receive a report detailing the response from the Cabinet, on the comments the Committee made on the Cabinet agenda in the previous cycle.
- 1.7 The Forward Plan is considered at each meeting and allows the Committee to look at future items and become involved in those Cabinet decisions to be taken, if members so wish.
- 1.8 At each meeting, the Committee will consider their work programme and make amendments where necessary, and also make comments on specific Cabinet items, where notice has been given by 9am on morning after Group meetings. The Committee will also receive a report detailing the response from the Cabinet, on the comments the Committee made on the Cabinet agenda in the previous cycle.
- 1.9 If the Committee made a comment on a Cabinet report, a response will be provided to the Committee at its next meeting (Appendix 2). In reviewing these responses, the Committee can identify any issues for which it would like a progress report. A future report, for example, on how the decision has been implemented, would then be submitted to the Committee at an agreed date which would then be incorporated within the Work Programme.
- 1.10 In July 2020, a report went to Executive on "Governance Review of Warwick District Council" – Minute 22. In the list of resolutions made, one was:
(1) an independent assessment of these arrangements is undertaken in February 2022 and officers are asked to bring back an outline proposal for this, in consultation with the Chairs of Scrutiny, in December 2021 along with proposed funding arrangements, be approved.
- 1.11 Following the decision in July 2020 the Council has embarked on proposals for a potential merger with Stratford-on-Avon District Council. The decision of this Council to make a formal application (or not) to the Secretary of State will, one way or another, impact on the democratic structure of this Council. Therefore, after consultation with the Chairs of both Scrutiny Committees, they were in agreement the review should be deferred for now to enable proper consideration of the Council's needs.

2 Conclusion/Reasons for the Recommendation

- 2.1 The work programme as attached at Appendix 1 to the report should be updated at each meeting to accurately reflect the workload of the Committee.

Agenda Item 9

- 2.2 Two of the five main roles of overview and scrutiny in local government are to undertake pre-decision scrutiny of Cabinet decisions and to feed into policy development.
- 2.3 If the Committee has an interest in a future decision to be made by the Cabinet, or policy to be implemented, it is within the Committee's remit to feed into the process.
- 2.4 The Forward Plan is actually the future work programme for the Cabinet. If a non-cabinet Member highlighted a decision(s) which is to be taken by the Cabinet which they would like to be involved in, that Member(s) could then provide useful background to the Committee when the report is submitted to the Cabinet and they are passing comment on it.

Finance and Audit Scrutiny Committee WORK PROGRAMME

8 December 2021

Title	Audit Item or Scrutiny Item	Format	Lead Officer/ Councillor
Q2 Budget Report	Scrutiny	See Cabinet Agenda	Andrew Rollins and Councillor Hales
National Fraud Initiative Update	Audit	Written report followed by Q&A	Richard Barr and Councillor Hales
Value for Money Conclusion	Audit	Written report followed by Q&A	Mike Snow / Grant Patterson and Councillor Hales

9 February 2022

Title	Audit Item or Scrutiny Item	Format	Lead Officer/ Councillor
Appointment of External Auditor	Audit	Written report followed by Q&A	Mike Snow and Councillor Hales
RIPA	Scrutiny	See Cabinet Agenda	Richard Barr and Councillor Hales

9 March 2022

Title	Audit Item or Scrutiny Item	Format	Lead Officer/ Councillor
-------	-----------------------------	--------	-----------------------------

IA Quarter 3 Progress Report	Audit	Written report followed by Q&A	Richard Barr and Councillor Hales
AGS Quarter 3 Action Plan Report	Audit	Written report followed by Q&A	Richard Barr and Councillor Hales
IA Strategic Plan (2022/22 3to 2024/25 plan)	Audit	Written report followed by Q&A	Richard Barr and Councillor Hales
External Review of Internal Audit Report	Audit	Written report followed by Q&A	Richard Barr and Councillor Hales

13 April 2022

Title	Audit Item or Scrutiny Item	Format	Lead Officer/ Councillor
-------	-----------------------------	--------	--------------------------

**Response from the meeting of the Cabinet on the
F&A Committee's Comments**

5 Fees and Charges

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Cabinet response:

The recommendations in the report were approved.

12 Significant Business Risk Register

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members noted the intent was that once there was a decision on the potential merger, the Significant Business Risk Register would include a specific risk on that topic. The Committee also noted the redundant wording in the Climate Change Risk relating to the Council Tax Referendum, which was no longer a possible trigger.

Cabinet response:

The recommendations in the report were approved.

Urgent Item - Princes Drive Rail Bridge Refurbishment and Public Art Project

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members were satisfied for the reasons for the late circulation of the report.

Cabinet response:

The recommendations in the report were approved.