

Audit & Standards Committee

Tuesday 13 June 2023

A meeting of the above Committee will be held in the Town Hall, Royal Leamington Spa on Tuesday 13 June 2023, at 6.00pm and available for the public to watch via the Warwick District Council [YouTube channel](#).

Councillor R Hales (Chairman)
Councillor B Gifford (Vice-Chairman)

Councillor K Aizlewood
Councillor D Browne
Councillor L Cron
Councillor K Dickson
Councillor R Dickson

Councillor J Falp
Councillor R Kang
Councillor P Phillips
Councillor N Tangri
Councillor H Yellapragada
Labour Vacancy

Although not members of the Committee, Mr Tomkinson, the Council's Independent Person.

Agenda

1. Apologies & Substitutes

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

2. Declarations of Interest

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

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

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

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

3. Minutes

To confirm the minutes of the meetings held on

- a) 21 February 2023
- b) 17 May 2023

(Pages 1 to 18)
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Part A – Audit Items

4. Update on the Audited Statement of Accounts and Audit Findings Report

To receive a verbal update from the Head of Finance.

5. Internal Audit Progress Report - Quarter 4 2022/23

To consider a report from Finance.

(Pages 1 to 6 and Appendices 1 to 4 and A to L)

Part B – Other Items

6. Dispensation for Councillors

To consider a report from Democratic Services.

(Pages 1 to 5)

7. Appointments to the Budget Review Group

To appoint five Councillors, one from each Political Party on the Committee, (including the Chairman of the Committee as the Conservative Group representative) to the Budget Review Group for the Council, to meet on 1 November 2023 and 7 February 2024 as per the defined Terms of Reference.

(Page 1)

8. Appointment of Parish/Town Council Representatives

To note the appointment process for Parish/Town Council Representatives to this Committee and nominate Councillor Smart of Whitnash Town Council, as previous holder of this role, in line with the Protocol.

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Audit & Standards Committee

Minutes of the meeting held on Tuesday 21 February 2023 at the Town Hall, Royal Leamington Spa at 6.00pm.

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

Also Present:

Independent Persons: Mr Tomkinson and Ms Pyke

Parish/Town Council Representative: Councillor Smart

Portfolio Holder for Resources: Councillor Hales

Officers: Sophie Vale (Committee Services Officer); Graham Leach (Democratic Services Manager & Deputy Monitoring Officer); Andrew Rollins (Head of Finance); and Richard Barr (Audit & Risk Manager).

34. **Apologies and Substitutes**

Apologies for absence were received from Councillors Ashford and Murphy.

35. **Declarations of Interest**

There were no declarations of interest made.

36. **Minutes**

The minutes of the meeting held on 18 January 2023 were taken as read and signed by the Chair as a correct record, with the addition of the answer to a question asked by Councillor R Dickson in respect of Item 4 – Audited Statement of Accounts and Audit Findings Report.

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

The record of the meeting held on 2 November 2022 was noted and is appended to this set of minutes.

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

The record of the meeting held on 8 February 2023 was noted and is appended to this set of minutes.

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

The Committee received a verbal update from the Head of Finance. The audit had taken a backseat as priority had been given to delivering a balanced budget, a comprehensive Medium Term Financial Strategy (MTFS), and the setting of the Council Tax which was due to go to Council on 28 February.

The Head of Finance explained that progress had been made in a number of key outstanding areas, and that sample work had now been undertaken and was largely complete. There was a view to be in a position to present the final version of the audit to the Audit & Standards Committee at an additional meeting.

In response to a question from Members, the Head of Finance stated that, apart from the update provided at the 18 January meeting, Grant Thornton had not issued any subsequent recommendations or concerns outlining against the audit. The expectation was that once those items that were highlighted as part of the Audit Finance Report update given in January were complete, the audit would be ready to be signed off.

It was announced that there would potentially be an additional meeting of the Audit & Standards Committee on 13 March 2023 to consider the final Statement of Accounts and Audit Findings Report, although this was subject to confirmation.

40. Internal Audit Progress Report - Quarter 3 2022/23

The Committee considered a report from Finance, which advised on progress in achieving the Internal Audit Plan 2022/23, summarised the audit work completed in the third quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit. This aided effective governance within the Council.

In response to questions from Members, the Audit & Risk Manager stated that:

- colleagues in Finance had been involved in the process of reviewing Covid grants, with the aid of interrogation software. Before grants were paid out, they were checked, however around six grants got through which were suspected of being fraudulent. These were reported to the authorities. In terms of the police investigation of these cases, he could not comment;
- there was possibly another case of suspected fraud which was brought to the Council's attention last week;
- the next report would include a note to reassure Members that these cases were being dealt with; and
- regarding Appendix H to the report, relating to the internal audit for National Non-Domestic Rates, he could not confirm if mandatory or discretionary relief was analysed on a sample basis to check for continued eligibility. He would find out and let Members know.

It was proposed by Councillor R Dickson and seconded by Councillor Davison that the recommendations be noted.

Resolved that the report and appendices, be noted and approved.

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

The Committee considered a report from Finance which reviewed the progress that was being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2021/22. The appendix accompanying the report detailed the progress in addressing the Significant Governance Issues.

The recommendation helped to fulfil Members' responsibility for effective corporate governance within the Council and provided assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement were being addressed.

In response to questions from Members, the Audit & Risk Manager, the Head of Finance, and the Democratic Services Manager and Deputy Monitoring Officer stated that:

- this report was a governance item, rather than an audit item. In relation to matters regarding staff morale, the setting up, implementation, and monitoring of initiatives was the responsibility of the Senior Leadership Team and HR department;
- regarding self-assessments on audit Committees, regulations required there to be an external review every five years. In between those five years, there would be an ongoing self-assessment on all of the audit standards. The Council selected a rolling proportion of the standards each year and audited themselves against those;
- the last external assessment was two years ago and was carried out by a Chartered Institute of Public Finance and Accountancy (CIPFA) consultant. Part of this assessment would comment on whether the self-assessment was being done, and how well it was being done. It was hoped that the Council would receive a positive comment at the next external assessment as there had been a programme of self-reviews set up in order to cover all of the auditing standards in the five-year period;
- last years' self-assessment covered two auditing standards and this years would cover three;
- the work programme for the self-assessments would be emailed to Members, and would be included in the work plan for the Committee to come as a formal report to a future meeting;
- regarding the effectiveness of staff morale boosting strategies, there was a proposal recommended for approval on recruitment, retention and remuneration as part of the Council's budget setting process. This was part of an overall strategy to ensure full establishments within the organisation. In terms of overall monitoring, this would go to Employment Committee alongside an updated People's Strategy report. There would be continued analysis of morale boosting strategies to ensure that their implementations were successful and that the expected or desired outcomes were delivered;
- the recruitment, retention and remuneration project would initially focus on the pay of officers, and then there would be further investigation into individual pockets of staffing where there were particular challenges being faced;
- there were no actions at the end of last year's Annual Governance Statement (AGS) that referred to Programme Advisory Boards (PABs), which was why there were no actions relating to them in the report. The AGS was currently being drafted and was due to go to Cabinet in March. This would contain reference to PABs, but Members would be entitled to ask whether there should be more information relating to PABs;
- in terms of the role and remit of the Committee and the Overview & Scrutiny Committee, it was the first year of the Committee and each had clearly defined responsibilities in the Council's Constitution. In relation to their relationship to PABs, there was an overlap in responsibilities that needed to be addressed;
- regarding staff morale, a lot of data and information was contained within the Service Area Plans, which were available via Sharepoint; and

- regarding consistency and content of PAB meetings, there might be challenges in enforcing rules about frequency and consistency of meetings as each board's remit was different. For example, PABs could not be required to meet if there was no business to consider within their remit. It was more about developing advice rather than rules.

It was proposed by Councillor Margrave and seconded by Councillor Luckhurst that the recommendations be noted.

Resolved that the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2021/22, be noted.

42. **Training Programme for Councillors**

The Committee considered a report from Democratic Services which brought forward proposals for endorsement by Council in February 2023 in respect of training for all Councillors.

It was recognised that in both 2015 and 2019 District Elections, over half of the Councillors returned by the electorate were new to both the Council and role of a Councillor. Training and development of the new Council, including those returning to the Council, presented a significant challenge to ensure the Council could operate effectively and provide the necessary strategic direction.

While attendance at training had been reasonably good, it was considered that some areas should be mandatory for Councillors to attend due to them providing core skills and awareness of their roles and responsibilities. This was supported by the Strategic Programme Advisory Board (PAB) who identified that the Code of Conduct, Information Governance, Safeguarding and basic training on the Council finances should be mandatory for all Councillors. The Safeguarding training was also recommended by the Children's Champions of the Council. The finance training had also been raised as an area of concern by the Overview & Scrutiny Committee, Audit & Standards Committee, Monitoring Officer and Section 151 Officer. Information Governance was considered mandatory due to the significant sanctions that could be imposed on the Council and that it provided a building block to good governance and work with the community.

After discussions with Group Leaders, the Leader also included Equality, Diversity & Inclusion training as mandatory for Councillors. Overall, making equality, diversity, and inclusion training mandatory for Councillors was essential for promoting cultural competence, addressing systemic inequalities, and fostering a more inclusive and equitable society.

There would also be the usual required training for Licensing & Regulatory and Planning Committee members ahead of them determining applications. Training would also be provided on recruitment and selection (for Employment Committee members) as necessary before they considered any relevant cases.

The Strategy PAB recognized that previously, some allowance had been made in respect of mandatory training. However, they were now of the view that these areas were so important, no allowance should be made for any Councillor not to attend. They were also of the opinion that sanctions should be applied if Councillors did not engage with these sessions.

The Code of Conduct, adopted by this Council read as follows:

"8. Complying with the Code of Conduct

As a Councillor:

I undertake Code of Conduct training provided by my local authority.

"It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance."

The guidance associated with the Code went on to say:

"8.1 I undertake Code of Conduct training provided by my local authority.

Councillors should be competent for the work they undertake, and this includes the way in which you conduct yourself when carrying out your role as a councillor. Training helps to develop such competence, ensuring that you understand the Code of Conduct and how it applies to you.

As a councillor you are responsible for your own actions and will be held personally responsible if you breach your local authority's Code of Conduct. Therefore, it is essential that, where you are offered the opportunity by your local authority, you equip yourself with sufficient knowledge of the code to ensure that you comply with it at all times."

While this appeared to focus on the Code of Conduct, the opening statement was about being competent for the work. It could also be considered that failure to engage in training the Council had said was mandatory could be considered as bringing the Council into disrepute.

It was recognised that the sanctions available under the Code of Conduct were limited and therefore work had been undertaken with Group Leaders, for them to make a commitment to taking action through their political group procedures if Councillors within their Group were not meeting the expected standards in respect of training or the Code of Conduct.

The initial training programme was set out within the report, at Appendix 2, with further dates highlighted as "keep free for training". The overall plan was that the initial and mandatory training sessions would be in person, allowing for new Councillors to be set up with IT, followed by more general training to be held online and recorded, so the Members could access it at a later date if they wished to review the course. In addition to this, there would be online courses available to Members, including those provided by the Local Government Association (LGA).

The Committee should note the proposal from the Strategy PAB for a training session on Saturday 13 May 2023 (which would be mandatory), of Safeguarding and Information governance. The view of the Strategy PAB was that to provide this at an early stage starting at 10am, with lunch

provided, and finishing by no later than 3.30pm, provided an opportunity for socializing for Councillors, and removed the need for two evening sessions of training.

There were areas of training which needed to be built into the plan, for example, the role and importance of the Audit & Standards Committee, in respect of understanding but also promotion of these core values of good governance. In this instance, it was likely to be with an informal discussion ahead of their first meeting, with the Committee meeting starting later to allow for this, followed by more detailed training throughout the year.

The Committee should also be aware that the Chief Executive would be holding one last event on 11 April 2023 for all Candidates on the role of a Councillor and the challenges faced. As this was online and after the close of nominations, this should see significant attendance. Once nominations have closed, all candidates would also be provided the Calendar of meetings and the outline training programme. This would (if agreed by the Committee) also set out the expectations in respect of mandatory training.

The Democratic Services Manager and Deputy Monitoring Officer clarified that discretion would be allowed, in discussion with Group Leaders, for those Members who could not attend the training sessions for valid reasons.

In response to questions from Members and Independent Persons, the Democratic Services Manager and Deputy Monitoring Officer explained that:

- in respect of paragraph 1.4 in the report, there was not as much detail included within that because the Council's Constitution already set out the mandatory training for specific Committee roles under the Council Procedure Rules. The mandatory training discussed in this report were new areas for consideration;
- he would update the Audit & Standards Committee with attendance records quarterly instead of annually;
- in respect of recommendation 2, this provided, in his view, clarification to Members that failure to attend mandatory training could be seen as a breach of the code of conduct. He would still expect a complaint of sorts to be made, so it would not change the existing Standards Matters procedure;
- in respect of recommendation 4c, this was about keeping the Audit & Standards Committee informed but it could be removed if Members did not want it to be included as a recommendation;
- there was a Code of Conduct which the Council had adopted, and that Councillors had agreed to adhere to. There was also guidance associated with that code which was quoted in the report at paragraph 1.7. The adopted procedures outlined the potential sanctions for breaching the code, which were limited under current legislation to things such as apologies or recommendations from a Hearing Committee for removal of a Councillor from a committee. However, these sanctions were last resorts as the emphasis was always, and would always be, placed on resolving complaints informally as soon as possible. He suggested that Warwick District Council had a great record for resolving matters at an early stage. All matters would be considered on a case-by-case basis and would

take a while. He emphasised that there would be discussion with Group Leaders throughout this process as, in the case of a concern or complaint being raised, Group Leaders could take action within their group;

- in terms of the Equality, Diversity and Inclusion (EDI) training scheduled for 16 March 2023, it was his decision to include the briefing on the Trees Call to Action Project to reduce the number of evening meetings for Members. He was assured that this briefing would only take 15 minutes;
- although Members might have had training on subjects such as EDI and safeguarding elsewhere previously, they were still required to complete the training at the Council as every organisation needed assurance that it had provided appropriate training, and the Council did not necessarily know the quality of the training that might have been provided by other organisations; and
- the Calendar of Meetings and outline of the training programme could not be provided to candidates before the close of nominations as officers were unsure of who the candidates would be. There had been low attendance at the 'Becoming a Councillor' sessions held by the Chief Executive earlier this year. However, he would be happy to share them to political party contacts after Council. He also noted that after the close of nominations, all candidates and agents would be emailed with details of meetings and training events.

It was proposed by Councillor Illingworth and seconded by Councillor King that the recommendations in the report should be approved, but that the following amendments would be made:

- That the wording in Recommendation 2 be changed to '*could*' instead of '*would*' to reflect the point clarified by the Democratic Services Manager and Deputy Monitoring Officer regarding breaches of the Code of Conduct; and
- That the Audit & Standards Committee be given records of the training and committee attendance for all Councillors every quarter, rather than every year.

Recommended to Council that

- (1) all Councillors must attend mandatory training in respect of the Code of Conduct, Finance, Safeguarding, Equality, Diversity & Inclusion and Information Governance;
- (2) the provision within the Code of Conduct in respect of training be highlighted and the failure to attend mandatory training could be considered as a breach of the Code;
- (3) training attendance and committee attendance records for all Councillors be reported to Group Leaders and the Audit & Standards Committee quarterly, and that these will be publicly available on the Council's website;

- (4) the Audit & Standards Committee supports the following and recommends to Council that it:
 - a) endorses the agreement of Group Leaders in respect of behaviour of Group Members as set out at Appendix 1 to the report;
 - b) confirms the expectation that all Group Leaders after the election sign up to this protocol; and
 - c) supports the Audit & Standards Committee being notified at its first meeting of the new Municipal year if Group Leaders have or have not signed up to the protocol.
- (5) the outline of the training to be provided to Councillors after the election in May 2023 and the wider aims of training for the first year as set out at Appendix 2 to the report, be noted; and
- (6) the Monitoring Officer be delegated authority, in consultation with Group Leaders and Chair of the Council, to set any further courses over the next four years as mandatory attendance, where it is considered appropriate.

43. **Returning Officer & Delegations**

The Committee considered a report from Democratic Services which sought a recommendation to Council on 27 February 2023 in respect of delegations to the Electoral Registration Officer and Returning Officer for the Council.

As part of the preparations for the Council Elections in May 2023, the Electoral Services Manager identified within the Constitution that there was no specific reference to the Head of Paid Service (Chief Executive) being the Council's Returning Officer and Electoral Registration Officer or providing them delegated authority to move polling places (the legal definition of the place where a polling station was located).

While this was implied within the role and contract of the Head of Paid Service, it was advisable for this to be defined within the Constitution for public record.

In respect of the delegation for moving polling places, this was considered a practicable step for allowing changes in between formal reviews, for places which might become either no longer available or temporarily not available shortly before an election.

It was proposed by Councillor King and seconded by Councillor Russell that the recommendations be approved.

Recommended to Council that the Head of Paid Service (Chief Executive) be confirmed as Returning Officer and Electoral Registration Officer and any

other electoral officer related roles, to include keeping Polling Districts and Polling Places under regular review and amending any such arrangements where there is an operational need, prior to the next compulsory review of Polling Places and Polling Districts, and Article 12 of the Constitution be updated to reflect this.

44. **Dispensation for Councillors**

The Committee considered a report from Democratic Services, the proposals of which would protect Members from inadvertent breaches of the requirements related to Disclosable Pecuniary Interests or a "Pecuniary Other Interest" ensuring that the Council could conduct its business.

Within the Constitution, the Audit & Standards Committee was responsible for considering and determining requests for dispensation from requirements of the adopted Members' Code of Conduct.

Dispensations for Members to participate could be granted (in certain circumstances) for up to four years allowing a Member to speak and or vote where they had a Disclosable Pecuniary Interest. The application needed to be made in writing to the proper officer (Chief Executive), as defined within the procedure at Appendix 1 to the report.

In September 2020, dispensation, as per the above, was granted to all Councillors who would have an interest by virtue of them being in receipt of an allowance from another local authority. Since that time, Councillors Matecki and Roberts had been elected to Warwickshire County Council and it was considered appropriate to enable them with the same dispensation ahead of the decisions to be taken at Council in February 2023.

One of the matters related to the Local Council Tax Retention Scheme, which was considered by Cabinet on Thursday 9 February 2023. The request for dispensation was made not in sufficient time before that meeting to reasonably allow this Committee to meet and discuss such a request. Therefore, the Deputy Monitoring Officer consulted with the Independent Persons on a reasonable approach of allowing Councillor Matecki to participate, based on the previous dispensation to other Councillors and then bringing the report to the Committee for formal consideration ahead of Council taking the final decision.

It was considered appropriate that this dispensation should be approved as this was granted to all other Councillors in similar position previously so enabling the Councillors to fully participate in such items.

It was proposed by Councillor King and seconded by Councillor Russell that the recommendations be approved.

Resolved that the Audit & Standards Committee grants dispensations as at (a) and (b) below to Councillor Matecki and Roberts until elections for the Council in May 2023, in respect of circumstances where they have a Disclosable Pecuniary Interest in a matter relating to another authority only by virtue of the fact that they are an elected Member of

Warwickshire County Council (WCC) and in receipt of an allowance from WCC:

- a) where the issue is a matter of dispute between the District Council and the other authority and the matter would affect the financial position of that other authority, the Councillor may speak on the matter provided they then immediately withdraw from the meeting room, unless it relates to the future structure of local government; and
- b) in relation to other matters (including the future structure of local government) affecting that other authority, the District Councillor may speak and vote.

45. Urgent Item – Budget Review Group

The Committee considered a report from Democratic Services which brought forward arrangements for the Council in recognition of the concerns that had been raised by the Overview & Scrutiny Committee and both the Monitoring Officer and Section 151 Officer.

In May 2022, the Council agreed to move to a single Scrutiny Committee. This was a change from previous years where the Council had two Scrutiny Committees (one of which also acted as the Council's Audit committee). The two Committees undertook the scrutiny function from different perspectives.

The remit of the Overview and Scrutiny Committee, before May 2022, was to review items to be considered by the Cabinet, to review past decisions, policy development, health and wellbeing issues, specific issues, and problems within any service area. It would also be able to scrutinise any other matter not otherwise delegated to the Finance and Audit Scrutiny Committee.

The remit of the Finance and Audit Scrutiny Committee, before it was disbanded, was to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that if affected the authority's exposure to risk and weakened the control environment, issues of an audit nature and to oversee the financial reporting process. The Finance and Audit Scrutiny Committee would:

- review the robustness of business cases;
- promote value for money and good procurement practice;
- make recommendations on good financial management practices;
- keep the treasury management performance under review;
- approve the Statement of Accounts in accordance with regulation 10f of the Accounts and Audit Regulations 2003; and
- review specific Cabinet items and past decisions.

The remit of the Finance & Audit Scrutiny Committee covered a number of areas that were the responsibility of an Audit Committee role rather than

scrutiny function. While there would always be some overlap between the work of Scrutiny Committees and the Audit Committee, it was advised against them being a single Committee. This was advised against by both the Chartered Institute of Public Finance and Accountancy (CIPFA) and Centre for Governance & Scrutiny (CfGS).

The approach of combining the Audit Committee with an Overview & Scrutiny Committee risked conflicts of interest, spreading resources too thinly and losing clarity over both Audit and Scrutiny committees' important statutory functions. Both functions required distinct support and should be able to operate effectively independently. This aside, because the functions related to similar areas, there would be matters of common interest where it made sense to collaborate. Some examples were areas around mindset and culture, securing good governance risk, value for money and wider policy issues (including the impact of Council strategy and financial management).

As a result, for the municipal year 2022/2023, Council approved a new structure around its Scrutiny function, with the Overview & Scrutiny Committee's remit being changed, to add scrutiny of finances as well, and the creation of a new Audit & Standards Committee.

The close working relationship between these two Committees should be delivered through regular dialogue between the Chairs, who should look at sharing information and areas the respective Committees might wish to look at. At present, there was a strong working relationship between the Chair of the Audit & Standards Committee and Overview & Scrutiny Committee, and this was an area that officers would continue to support into the next municipal year, including ensuring they were invited to the other's briefings prior to their Committee meetings.

Councillors were aware of the introduction of pre-scrutiny questions, the answers to which were available via the website. These helped to further focus and enhance debates at Committee. This had also reduced the number of Cabinet items being considered as simpler queries were answered outside of the formal Committee meeting.

This aside, concern had been raised by Councillors and Senior Officers that some key strategic financial reports were not receiving robust scrutiny due to lack of time and capacity at the meeting.

The Overview & Scrutiny Committee had considered these points and came to the view that in order to provide additional capacity within Overview & Scrutiny Committee meetings, before Cabinet, the most sustainable approach would be to have four additional meetings a year which would solely focus on reports to the Committee and not on Cabinet matters, therein creating more capacity at meetings of Scrutiny the night before Cabinet.

In addition to this, at its meeting in February, the Overview & Scrutiny Committee, supported the continuation of the Fees & Charges Review Group and the Budget Review Group (although now a single Group called the Budget Review Group). Currently, these were composed of representatives of the Audit & Standards Committee and Overview & Scrutiny Committee, with a representative of each political group from both Committees.

The use of this Group had a number of benefits through sharing skills and knowledge across the Committees, while allowing focus on specific topics. They were an experiment for this municipal year but had now been built into the Calendar of Meetings for 2023/24. To enhance understanding of

their role and the associated responsibilities, a brief terms of reference had been supported by Overview & Scrutiny Committee and was set out at Appendix 1 to the report.

Councillors had also raised concerns about the level of training received in respect of local government finance and more specifically, understanding Warwick District Council finances. This was considered a particularly important area for Councillors to understand, due to their legal responsibilities in respect of the over £100million a year that the Council was responsible for.

To that end, post-election on 6 June 2023, there would be a training session for all Councillors covering the basic elements of the District Council budgets, where money came from to fund services and key terminology. This would then be built upon throughout the year with more detailed sessions at appropriate times on other areas, for example, key considerations in setting fees and charges and the art of Treasury Management. Due to the importance of this area, this would be included in a proposal for mandatory training for all Councillors to be considered by the Audit & Standards Committee in February.

The Chair of the Audit & Standards Committee had been made aware of views from fellow Councillors that a work plan would be valuable for the Committee to ensure the workload could be monitored and no key items were missed.

The Democratic Services Manager and Deputy Monitoring Officer drew Members' attention to a slight rewording of the remit of the Budget Review Group for clarity. The first sentence of the Terms of Reference would now read as follows:

"The Group will meet the evening before Cabinet and will be responsible for reviewing the following papers:"

The Democratic Services Manager and Deputy Monitoring Officer also explained that normally, the Annual Treasury Management Report would go to Cabinet in February with the Budget report. However, this time it would be going to the March meeting instead. He then stated that the Annual Treasury Management Report was within the remit of the Audit & Standards Committee, and therefore, as it had not had a chance to consider it before Cabinet, Members would have the opportunity to ask questions in the pre-meeting scrutiny questions for the Overview & Scrutiny Committee. The Democratic Services Manager and Deputy Monitoring Officer would liaise with the Chair of the Overview & Scrutiny Committee about Members of the Audit & Standards Committee attending the meeting of the Overview & Scrutiny Committee if they had specific points or questions to raise regarding the Annual Treasury Management Report.

In response to a question from Members, the Democratic Services Manager and Deputy Monitoring Officer stated that the intention would be to appoint the Budget Review Group at the first meetings of the Overview & Scrutiny Committee and the Audit & Standards Committee in the next municipal year, so that Members had ample time to understand and prepare for the Budget review. He explained that, in terms of training, the Training Plan approved at this meeting set out mandatory training for finance which would help Members understand complicated papers such as the Budget. This training would then be built and improved upon over time.

It was proposed by Councillor R Dickson and seconded by Councillor Illingworth that the recommendations be approved, subject to the revision of Appendix 1 to the report.

Recommended to Council that the remit of the Budget Review Group, as set out at Appendix 1 to the report be annexed to the Constitution, subject to the following revision:

The Group will consider the Annual Treasury Management Strategy (if it is reported to Cabinet in February)

and the revised wording is as follows: *"The Group will meet the evening before Cabinet and will be responsible for reviewing the following papers:*

Resolved that it be noted that officers will draft a workplan for the Committee for it to consider at its first meeting of the new municipal year.

(The meeting ended at 7.24pm)

CHAIR
13 March 2023

Fees & Charges Review Group

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

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

Also Present: Councillor Hales, Portfolio Holder – Resources.

1. Appointment of Chair

Councillor Milton was appointed to Chair the meeting.

2. Apologies and Substitutes

There were no apologies for absence.

3. Declarations of Interest

There were no declarations of interest made.

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

Item 4 – Fees and Charges

The fees and charges review meeting:

1. Thanked officers for their work on report and responses to the volume of questions that came through.
2. Recognised that the Council was dependent on the professional judgement of Officers and Portfolio Holders on Fees & Charges and that there was no perfect solution.
3. Recognised the potential financial challenges faced by the community over the next 12 months and it was keen that services remained accessible to them.
4. Recognised the overall financial challenge for the Council and this was one of three strands of the budget, the others being the government and Council Tax setting.
5. Recognised the challenges faced with elasticity of demand in that if fees were reduced in one area it may (or may not) result in increased demand that equated to extra income (above that anticipated from the proposed higher fee) from increased usage.
6. Asked that Officers looked at opportunities to reduce the impact of the increases on sports facilities by keeping any increase below 15% to increase demand, especially being mindful of the legacy of the

Commonwealth Games.

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

(The meeting ended at 7.05pm)

CHAIR OVERVIEW & SCRUTINY COMMITTEE
7 March 2022

CHAIR AUDIT & STANDARDS COMMITTEE
21 February 2023

Budget Setting Review Group

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

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

Also Present: Councillor Hales, Portfolio Holder – Resources.

5. Appointment of Chair

Councillor Davison was appointed to Chair the meeting.

6. Apologies and Substitutes

There were no apologies for absence.

7. Declarations of Interest

There were no declarations of interest made.

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

Item 5 - Local Council Tax Reduction Scheme

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

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

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

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

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

Item 6 - Council Tax Support Fund

The Group supported the recommendations in the report

Item 8 - HRA Budget and Rent Setting

The Group supported the recommendations in the report.

The Group were concerned that while the HRA was on target for delivering its plans for 2023/24, in the following financial years the Council may have to reduce the ambitions in terms of development, decarbonising, decent home standards and support to customers, because of the impact in rental income reduction. While at this time there was not a proposal for cuts, if the restrictions on rent continued there may be a need to.

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

Item 7 - General Fund Revenue and Capital Budget

The Group did not take a formal view on supporting or not the budget proposals.

The Group raised a number of points that the Cabinet and Council should take into consideration when finalising the budget and Council Tax setting for the 2023/24 financial year:

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

The Group noted that:

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

(The meeting ended at 7.05pm)

CHAIR OVERVIEW & SCRUTINY COMMITTEE
7 March 2022

CHAIR AUDIT & STANDARDS COMMITTEE
21 February 2023

Terms of Reference Budget Review Group

The Group will meet the evening before Cabinet and will be responsible for reviewing the following papers

Annual Fees & Charges

Setting of the General Fund Budget

Setting of the Housing Revenue Account (HRA)

Annual Treasury Management Strategy (if it is reported to Cabinet in February)

Their purpose will be to review the reports and pass comment on the strategic financial robustness of them.

The reports will be subject to pre meeting questions process as used for all Cabinet papers.

The Group will be composed of a Councillor from each Political group on the Council from each of the Audit & Standards and Overview & Scrutiny committee.

The Chairs of the respective Committees must be on the group but will form the representative of their Group from the respective Committee

The Leader of the Cabinet will permit the Chair of this meeting to represent the views of the Group in line with the rights provided to the Chair of the Overview & Scrutiny Committee

Audit & Standards Committee

Minutes of the meeting held on Tuesday 17 May 2023 at the Town Hall, Royal Leamington Spa at 7.40pm.

Present: Councillors Aizlewood, Browne, Cron, K Dickson, R Dickson, Falp, B Gifford, Hales, Kang, Phillips, Tangri, and Yellapragada.

1. **Appointment of Chairman**

It was proposed, duly seconded and

Resolved that Councillor Hales be appointed Chairman of the Committee for the 2023/2024 municipal year.

2. **Apologies for Absence**

No apologies for absence were received.

3. **Declarations of Interest**

There were no declarations of interest made.

4. **Appointment of Vice-Chairman**

It was proposed, duly seconded and

Resolved that Councillor B Gifford be appointed Vice-Chairman of the Committee for the 2023/2024 municipal year.

(The meeting ended at 7.45pm)

CHAIRMAN
13 June 2023

Agenda Item No 5
Audit and Standards Committee
13 June 2023

Title: Internal Audit Progress Report: Qtr. 4 2022/23

Lead Officer: Richard Barr

Portfolio Holder: Councillor Chilvers

Wards of the District directly affected: None directly impacted

Approvals required	Date	Name
Portfolio Holder	23/05/23	Councillor Chilvers
Finance	18/05/23	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	18/05/23	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	18/05/23	Andrew Rollins
Section 151 Officer	18/05/23	Andrew Rollins
Monitoring Officer	18/05/23	Andrew Jones
Senior Leadership Team	18/05/23	Various
Final decision by this Committee or rec to another Cttee / Council?	Yes/ No – Final Decision by this Committee. Recommendation to: Cabinet / Council Committee	
Contrary to Policy / Budget framework?	No/Yes	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No/Yes, Paragraphs:	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No/Yes, Forward Plan item – scheduled for (date)	
Accessibility Checked?	Yes/No	

Summary

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

Recommendations

- 1 That the report, including its appendices, be noted and, where appropriate, approved. Specifically:
 - 1.1 That Appendix 1, containing guidance on the role and responsibilities of audit committees, be noted. (Paragraph 1.2 of this report)
 - 1.2 That Appendix 2, detailing the performance of Internal Audit in completing the Audit Plan, be considered. (Para. 3.1 of this report)
 - 1.3 That Appendix 3, setting out the action plan accompanying the Internal Audit report issued in the quarter, be reviewed. (Para. 4.3)
 - 1.4 That Appendix 4, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 5.2)
-

1 Reason for the Recommendations

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

2 Background/Information

- 2.1 The Audit and Standards Committee is operating, in effect, as an audit committee in the context of receiving and acting upon this report. Guidance on the role and responsibilities of audit committees is available from a number of sources. That which relates to audit committees' relationship with internal audit and in particular the type and content of reports they should receive from internal audit is summarised in Appendix 1.
- 2.2 Essentially, the purpose of an audit committee is:
 - To provide independent assurance of the associated control environment.
 - To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.
- 2.3 To help fulfil these responsibilities audit committees should review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- 2.4 The following sections provide information to satisfy these requirements.

3 Assurance

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

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

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

Assurance Levels

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

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

4 Progress Against Plan

- 4.1 A detailed analysis of progress in completing the Audit Plan for 2022/23 is set out as Appendix 2. As indicated, the Plan is three audits short of being completed. All three audits are IT reviews where progress for one reason or another has been stilted. This was precisely the same situation at this time last year but fortunately these assignments were completed during the year.

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

- 5.1 Twelve audits were completed in the final quarter of 2022/23.
- 5.2 The Internal Audit reports arising from the completed reviews are available for viewing on the online agenda for the meeting. (Due to issues regarding data security in connection with the Microsoft 365 review, certain parts of the report have been redacted.)
- 5.3 The action plans accompanying these reports are set out for separate review as Appendix 3. This appendix details the recommendations arising together with the management responses, including target implementation dates. (Due to issues regarding data security in connection with the Microsoft 365 review, a recommendation and the response to it has been redacted.)
- 5.4 As can be seen in the Appendix, responses to recommendations contained in reports that have been issued in the quarter have been received in all cases and none is outstanding.

6 Implementation of Recommendations Issued Previously

- 6.1 All recommendations are followed up once the agreed implementation date has passed. Officers are able to provide an update as soon as they have completed the agreed action, as opposed to waiting to be chased for a response, although the vast majority still have to be chased.
- 6.2 The state of implementation for all relevant recommendations is set out in Appendix 4. There are no outstanding responses on the state of implementation of recommendations.
- 6.3 Revised target dates have been provided for seven recommendations relating to the audits of **Leaseholder Service Charges, Housing Investment and Maintenance Programmes, Corporate Governance, Community Services, Treasury Management, Planning Policy, and Microsoft 365**. (Due to issues regarding data security in connection with the Microsoft 365 review, a recommendation and the response to it has been removed.) The target date in relation to the recommendations from the audits of **Leaseholder Service Charges** and **Housing Investment and Maintenance Programmes** had been extended previously.
- 6.4 Completion of the action in relation to the **Leaseholder Service Charges** audit recommendation had initially been due to a delay in receipt of information required from an external body. Subsequently, the action was delayed due to the issues at Christine Ledger Square.
- 6.5 Changes in departmental structure and the fallout from the failed merger had impacted the completion of the recommendation from the **Housing Investment and Maintenance Programmes**. The officer that had been given responsibility for completing this action has now left the Council, so the action is awaiting the recruitment of a replacement for this post.
- 6.6 A revised target date had also been provided in respect of a recommendation from the audit of **Open Spaces**. However, the revised date was within the same reporting period as the original target dates and confirmation has been received that this recommended action has now been completed.

7 Review

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

8 Alternative Options

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

9 Legal Implications

- 9.1 Not applicable.

10 Financial Implications

10.1 Not applicable.

11 Business Strategy

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

11.1.1 External Impacts

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

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

11.1.2 Internal Impacts

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

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

12 Environmental/Climate Change Implications

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

13 Analysis of the Effects on Equality

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

14 Data Protection

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

15 Health and Wellbeing

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

16 Risk Assessment

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

17 Consultation

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

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

Internal Audit Plan

Internal Audit Reports.

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager

SUBJECT: Affordable Housing
Development Programme

TO: Head of Housing

DATE: 15 March 2023

C.C. Chief Executive
Deputy Chief Executive
Head of Finance
Head of Place, Arts and Economy
Housing Strategy and
Development Manager
Portfolio Holder (Cllr Matecki)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Ian Davy, Principal Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 The Affordable Housing Development Programme is the 'pipeline' for the delivery of affordable housing. It relates to the building of new affordable housing as opposed to the maintenance of the affordable housing stock that is already in place.
- 2.2 Currently, any housing developments of eleven or more properties are required to provide a minimum of 40% affordable housing.
- 2.3 Affordable housing comes in three different forms, and a certain percentage of each type of tenure must be present within the total made available:
- 'social' rent (60%)
 - affordable rent, which can be up to a maximum of 80% of market rent (25%)
 - shared ownership (15%)
- 2.4 The figures above are set out in the current Affordable Housing SPD (supplementary planning document) and are based on the needs identified through the 'current' Strategic Housing Market Assessment (SHMA).

- 2.5 However, as part of the current South Warwickshire Local Plan development, a new Housing Economic Development Needs Assessment (HEDNA) has been drawn up and that will feed into the new SPD when it is next revised. A new tenure type (First Homes) will also need to be reflected, based on the scheme launched by the Government in June 2021.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.
- 3.2 In terms of scope, the audit covered the following risks:
1. Lack of affordable housing leading to increases in homelessness which will impact other (general fund) budgets and cause a number of associated health and safety issues.
 2. Monies borrowed for the purchase of properties cannot be repaid due to insufficient numbers of tenants on the waiting list to pay the rents.
 3. Section 106 commuted sums are not spent in line with agreements leading to monies being clawed back by the developers.
 4. The Council does not meet the requirement of the National Planning Policy Framework in meeting housing needs.
 5. Adverse stories in the press if the Council does not adhere to the stated target for 40% affordable housing on new developments.
 6. Reputation suffers if affordable housing affects house prices or other developments.
 7. Enabling 'vehicles' (e.g. Section 106 agreements and commuted sums) are not utilised effectively.
- 3.3 These were identified during discussion between the Principal Internal Auditor, the Housing Strategy and Development Manager (HSDM) and the Housing Development Manager.
- 3.4 The work in this area impacts specific strands of the Fit for the Future strategy, such as the external People strand (under the health, homes and communities aspects) with regards to meeting the housing needs, and the internal Services strand (covering the focusing on our customers' needs aspect).
- 3.5 The work undertaken by or on behalf of Milverton Homes, the Council's own housing company, was outside of the scope for this audit, with specific audits due to be included in the future audit plans. However, where relevant, reference is made to them where there is a need for interaction between the two entities.

4 Findings

4.1 Recommendations from Previous Reports

- 4.1.1 This section is not applicable as there were no recommendations raised as part of the last audit of the subject, undertaken in July 2019.

4.2 Financial Risks and Health and Safety Risks

4.2.1 **Risk: Lack of affordable housing leading to increases in homelessness which will impact other (general fund) budgets and cause a number of associated health and safety issues.**

As highlighted above, the HSDM advised that, as part of the previous local plan process, Strategic Housing Market Assessments had been performed which fed into the Affordable Housing Supplementary Planning Document (SPD). For the new (South Warwickshire) local plan process, a Housing Economic Development Needs Assessment (HEDNA) is being undertaken with Stratford-on-Avon District Council.

At the beginning of the audit, the HEDNA was still in production, but it was finalised during the course of the audit. This will, in time, feed into a revised SPD but current developments should be based on the previously identified requirements. One area of change from the old plan is the increasing need for one-bedroom properties.

Other specific sources will be used for monitoring such as the numbers on the housing register with consideration being given to the specifics of individual sites.

A search was undertaken on the committee paper system to identify any planning applications that had required committee approval where '40% affordable' had been mentioned since 1 January 2021. This returned 25 results, although four of these were either minutes of meetings or update reports and some applications were covered at more than one meeting.

Some of the results also related to old applications that were going through the different stages of development, so testing was performed on those relating to planning applications submitted during 2021 or 2022 to ensure that the number, type, and tenure of affordable housing being included in the developments was in line with the requirements of the (current) SPD.

Of the four relevant developments identified, the reports clearly set out the number of affordable units that were required in the development and commentary was included to set out whether these met the required mix of property types (in terms of number of bedrooms) with additional narrative explanations to explain where any differences were noted and whether this was considered acceptable.

Only two made reference to the tenure mix of the affordable properties, highlighting that 'the plans submitted reflect the proposed tenure mix and provision based upon demands within the local area'.

Upon review of the Acolaid (planning) system, it was noted that Housing were included in the consultee list in relation to only two of the four applications. This will be flagged for review in future audits of Development Management.

The HSDM advised that detailed responses would be submitted in relation to all developments that they were made aware of, either informed directly or upon

review of the weekly planning lists supplied, but the responses in respect of this sample were not found on the Acolaid system or in the responses held online.

The issue was flagged with the HSDM and, whilst the responses relating to the specific cases were not discussed, she provided evidence of responses that had been submitted for three recent cases (which had not yet been presented to committee), and it was confirmed that they all provide details of the relevant requirements in terms of numbers and tenure mixes of the housing developments being proposed.

The HSDM confirmed that sites are included in the plan that are on the edge of the boundary with Coventry City Council. These would be considered as part of any overspill from that authority although there are different requirements in terms of affordable housing between the two authorities (i.e. Coventry only require 25% affordable housing on developments as opposed to WDC's requirement for 40%) and, whilst the Council would expect that the developments accord with our requirements when they are in the Council's boundaries, any cross-boundary sites are harder to agree figures for.

The new HEDNA makes a number of references to meeting 'unmet need from neighbouring authorities' and also highlights that the current Warwick District Local Plan, in Strategic Policy DS2, states that:

The Council will provide in full for the Objectively Assessed Housing Need of the district and for unmet housing need arising from outside the district where this has been agreed.

A Local Plan 'Officer Steering Group' is in place and meets regularly with Housing Strategy sending a representative to ensure that their requirements are being taken into account.

The meetings are not minuted to show that Housing Strategy are providing comments to help influence the plan. However, the HSDM provided an email that set out the rough terms of reference of the group.

The HSDM advised that a spreadsheet had previously been maintained to help monitor progress with relevant developments. This had been maintained by the Housing Strategy and Enabling Officer. However, following his departure, the spreadsheet could not be located and the HSDM was unsure if it had been maintained appropriately.

Recommendation

If the old monitoring spreadsheet cannot be located, a new version should be set up to ensure that Housing Strategy are able to keep track of progress with relevant housing developments.

4.2.2 **Risk: Monies borrowed for the purchase of properties cannot be repaid due to insufficient numbers of tenants on the waiting list to pay the rents.**

A review of reports to Cabinet / Executive identified a number of developments where the Council has agreed to buy affordable housing properties or where the Council was to build its own stock (through a developer).

The HSDM advised that developers are now generally contacting the Council to offer the houses as they know that the Council can offer more as better borrowing rates are available to the Council through the PWLB.

The schemes identified through the search include the build or purchase of just under 400 properties although these are not all due to be affordable properties (e.g. some of the properties on the Council's own developments are due to be open market properties). This figure is well below the current numbers on Homechoice (1507 households) so there is no issue anticipated with regards to being unable to let these properties once completed.

As highlighted above, the HSDM had highlighted that the new Local Plan will reflect the increasing need for one-bedroom properties. This is reflected in the current Homechoice figures, with 994 of the 1507 households having a need for one bedroom.

Some of the future requirements for affordable housing may be taken up by the Government's new 'First Homes' scheme. This new 'product' will cover 25% of the affordable housing requirements (i.e. 25% of the 40% requirement) although the HSDM advised that Homes England have asked for pilots with these initially being over and above the 40% figures.

These properties will probably come off the 'shared ownership' element of the affordable housing requirements so may not affect the number of properties that are required for those on the waiting list.

The HSDM advised that the Council uses the Proval software to check the viability of the scheme. Figures can be input into the system and it will calculate whether the NPV (net present value) is positive and what the offer price should be. It was also highlighted that the Council required higher specifications for its properties, so this has to be taken into account in the figures offered.

The Principal Accountant (Housing) (PAH) is involved in the viability assessments undertaken. She highlighted that there is no set payback target in place, but a 40-year payback period is used as the standard test (which is usually met or bettered) to see if it is a viable scheme. This was the industry standard and the normal PWLB loan period. However, when borrowing costs increased in 2019, the industry standard also increased with payback up to 55 years being acceptable.

The PAH highlighted that it is not a problem if the payback terms are longer as the Council will make sure that the income from rents funds the annual borrowing and maintenance costs. There are also a lot of contingencies built in,

with models based on worst case scenarios so, in real terms, it will mean the payback is actually a lot shorter.

The committee reports relating to the purchase of properties all include details of the payback terms for each scheme and these were found to fall into a range between 19 and 41 years.

4.2.3 **Risk: Section 106 commuted sums are not spent in line with agreements leading to monies being clawed back by the developers.**

Where a developer is unable to accommodate affordable units on site, they may agree to the payment of a 'commuted sum'. The HSDM advised that there are not many of these schemes that come forward at present, with most developers offering units within the sites being developed.

As with the main monitoring spreadsheet, there had been another spreadsheet used to keep track of commuted sums. However, this could also not be located.

A review of committee papers in relation to planning applications was undertaken, using 'commuted' as the search term. Whilst this returned 24 results from the last five years, the vast majority related to 'open spaces' as opposed to affordable housing.

In the one case identified where a commuted sum had been agreed in relation to affordable housing, the report presented to committee in the search period was actually highlighting that it was no longer needed due to the increased on-site provision.

Some outstanding commuted sums were identified through discussions with staff in Accountancy who provided details that had been passed to them by Planning staff and their own figures from the 2021/22 balance sheet. This included one recent scheme that had been approved through delegated powers rather than going to committee.

Work between the various parties was then undertaken to reconcile the figures to arrive at the monies that were currently available for use.

Recommendation

The reconciled figures should be used as the basis of a new commuted sums tracking spreadsheet, should the old one not be located.

Upon review of the legal agreements in place in respect of the monies identified, it was noted that the time limit for spending the monies had passed. There is, therefore, potential that one of the receipts (£225,544) will need to be repaid to the developer. However, the Planning spreadsheet provided suggests that this money may have been committed to a forthcoming development scheme.

Recommendation

Investigation should be undertaken to ascertain whether the 'expired' commuted sum needs to be repaid to the developer or can be used on the scheme it is shown to be committed to.

4.3 Legal and Regulatory Risks

4.3.1 Risk: The Council does not meet the requirement of the National Planning Policy Framework in meeting housing needs.

The HSDM confirmed that all relevant staff would have access to the latest version of the National Planning Policy Framework (NPPF) as it was available online.

The latest Council 'housing specific' strategy that could be located covered the period between 2014 and 2017. This had subsequently been replaced by the Housing and Homelessness Strategy from 2017 to 2020, although the full copy of the document could not be located, with the evidence base / background information being the only detail found to be held on the Council's internet site.

The latest iteration was the Homelessness and Rough Sleeping Strategy which no longer makes specific reference to Housing. The HSDM confirmed that there was no current Housing strategy and it was no longer a mandatory document; she suggested, however, that it was within the work plans for this year.

Advisory

When the new Housing Strategy is drawn up, checks should be undertaken to ensure compliance with the NPPF as appropriate.

The HSDM advised that the current Affordable Housing SPD makes reference to the definitions of affordable housing from the NPPF and covers (amongst other things) the amount of affordable housing required, the tenure mix and the expected affordable rent levels (usually no more than 80% of open market value).

The testing highlighted above confirmed that requirements set out in the SPD were being taken into consideration as part of the planning decisions taken in terms of the number of properties and the bedroom requirements, but some reports did not make reference to the split of tenures.

Rents are reviewed on an annual basis for all Council housing properties with reports to Cabinet on rent increases showing the average prices for relevant properties.

Sample testing was undertaken to ensure that the rent levels charged for a number of newly acquired properties had been set appropriately.

The PAH provided supporting documentation to confirm that the appropriate figures had been used to calculate both affordable and social rent levels, with valuations being provided by independent valuers in each case and market rent

levels being obtained from Hometrack. In one case (covering a number of properties within the same development), a supporting email included in the evidence highlighted that the market rent levels had been based on updated figures due to the turbulent economy.

The rents shown on Active H generally agreed to the calculations provided, although property numbers had been mixed up on one street. Business Administration staff in Housing confirmed that the figures shown on Active H were the correct ones for each property.

4.4 **Reputational Risks**

4.4.1 **Risk: Adverse stories in the press if the Council does not adhere to the stated target for 40% affordable housing on new developments.**

As highlighted above, the HSDM confirmed that responses are sent in relation to relevant planning applications and was aware of the need to follow up on the applications to confirm the outcomes.

The testing had highlighted that, whilst each report included sections on Affordable Housing, the level of commentary varied as to what was covered (i.e. some made no reference to tenure mix and another didn't cover plot locations) and there was generally no reflection of any specific comments provided by the Housing Strategy team as they were not included in the 'summary of representations' section.

Recommendation

Housing Strategy should review the reports regarding relevant planning applications to ensure that their comments are being accurately reflected and are, therefore, given appropriate weight when Planning Committee make their decisions.

The HSDM advised that, for all recent developments, all affordable housing is being provided on site. However, were this not to be the case, the documentation provided to justify the decision would be reviewed accordingly.

A separate search of committee papers was also undertaken to look for mentions of viability assessments to identify cases where justification was being presented where no affordable housing was to be provided as part of the development. This highlighted six instances from 1 January 2018 to the date of the search.

Two of the highlighted cases did not relate to housing provision and in the other four instances it was concluded that the schemes would not be viable if the affordable housing requirement was included.

4.4.2 **Risk: Reputation suffers if affordable housing affects house prices or other developments.**

The Affordable Housing SPD makes reference to the need for affordable homes to be integrated into the site, highlighting the need for the 'pepper-potting' of

small clusters of affordable housing within the overall development as opposed to siting them all in one part of the site and for them to not be 'visually distinguishable' from the market housing.

The HSDM advised that comments are provided to developers on the location of the plots for affordable housing and highlighted that the developers are generally quite good in the placement of the affordable housing within the developments.

The Planning Committee reports in relation to the schemes tested previously were reviewed to ensure that the location of the affordable housing was being considered for suitability. This test proved largely satisfactory with only one case not making specific mention of the issue which was attributed to the size of the development (six affordable properties from a total of fifteen within the overall development).

4.5 **Other Risks**

4.5.1 **Risk: Enabling 'vehicles' (e.g. Section 106 agreements and commuted sums) are not utilised effectively.**

The S106 agreements in place in relation to the planning applications covered by previous tests were reviewed. In each case, the S106 agreements made provision for affordable housing.

As highlighted on WP1, a search of the Planning Committee reports did not identify any commuted sums due in relation to planning applications although one recent receipt was subsequently identified through discussion with Planning and Accountancy Staff regarding other unspent commuted sums.

The Principal Accountant (Capital and Treasury) and the Assistant Accountant confirmed how the monies received would be coded which substantiated that they were included as appropriate in the Council's accounts.

However, as highlighted above, it was clear that there was a general lack of monitoring on what monies were available to spend with a need to reconcile the figures held by Planning and Accountancy in the absence of the Housing Strategy monitoring sheet, with one payment being over the agreed deadline for spending the money (see recommendations at 4.2.3 above).

Upon review of the figures provided by Accountancy and the figures on Ci Anywhere (the Council's financial management system) along with the 21/22 Infrastructure Funding Statement, it was identified that only £5,249.74 had been 'spent' from the (affordable housing) commuted sums during the previous financial year with no apparent expenditure during the current financial year. It was apparent, therefore, that there have been no grants paid to other registered providers for them to provide the affordable housing.

The HSDM confirmed this to be the case and advised that grants had generally only been paid to Waterloo Housing as part of the (now expired) partnership.

As also noted previously, the review had highlighted that some of the funds appear to have been committed to one of the Council's current schemes (the conversion of the offices at 1 Warwick Street to 21 affordable apartments).

The PAH advised that all of our S106 affordable housing sites are delivering very similar housing with similar payback terms so there is no particular requirement to review 'value for money' in relation to which sites we apply the S106 receipts to.

Capital financing is only applied at year end, with final capital balances for all housing development being identified before applying the various capital funds to the schemes for the financial year (e.g. S106 commuted sums, Right to Buy 1-4-1, Buy Back allowance, Homes England grants and borrowing) and then carry forward any unused amounts.

5 Summary and Conclusions

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

- Risk 1 – Lack of affordable housing leading to increases in homelessness which will impact other (general fund) budgets and cause a number of associated health and safety issues.
- Risk 3 – Section 106 commuted sums are not spent in line with agreements leading to monies being clawed back by the developers.
- Risk 5 – Adverse stories in the press if the Council does not adhere to the stated target for 40% affordable housing on new developments.
- Risk 7 – Enabling 'vehicles' (e.g. Section 106 agreements and commuted sums) are not effectively utilised.

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

5.3 Whilst there are only a small number of recommendations, the relatively high priority of these, together with the apparent lack of up-to-date monitoring documentation and the possibility of losing a commuted sum of £225,544, means that we can only give a MODERATE degree of assurance that the systems and controls in place in respect of the Affordable Housing Development Programme are appropriate and are working effectively to help mitigate and control the identified risks.

5.4 The assurance bands are shown below:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.

Level of Assurance	Definition
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

6 **Management Action**

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

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Affordable Housing Development Programme – March 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial and Health and Safety Risks – Lack of affordable housing leading to increases in homelessness which will impact other (general fund) budgets and cause a number of associated health and safety issues.	If the old monitoring spreadsheet cannot be located, a new version should be set up to ensure that Housing Strategy are able to keep track of progress with relevant housing developments.	Medium	Housing Strategy and Development Manager / Development Manager (Place, Arts and Economy)	Agreed – if the old spreadsheet cannot be located, a new version will be set up.	31 March 2023
4.2.3	Financial Risks – Section 106 commuted sums are not spent in line with agreements leading to monies being clawed back by the developers. Other Risks – Enabling ‘vehicles’ (e.g. Section 106 agreements and commuted sums) are not effectively utilised.	The reconciled figures should be used as the basis of a new commuted sums tracking spreadsheet, should the old one not be located.	Medium	Principal Accountant (Housing) / Planning Monitoring Officer / Housing Strategy and Development Manager	Agreed – if the old spreadsheet cannot be located, a new version will be set up.	31 March 2023
		Investigation should be undertaken to ascertain whether the ‘expired’ commuted sum needs to be repaid to the developer or can be used on the scheme it is shown to be committed to.	Medium	Principal Accountant (Housing) / Planning Monitoring Officer / Housing Strategy and Development Manager	This will be investigated as recommended.	31 March 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.4.1	Reputational Risks – Adverse stories in the press if the Council does not adhere to the stated target for 40% affordable housing on new developments.	Housing Strategy should review the reports regarding relevant planning applications to ensure that their comments are being accurately reflected and are, therefore, given appropriate weight when Planning Committee make their decisions.	Medium	Housing Strategy and Development Manager / Development Manager (Planning)	Meetings have now been set up with Planning to ensure early input into reports.	31 March 2023

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

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

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager **SUBJECT:** Allocations, Nominations & Lettings

TO: Head of Housing **DATE:** 3 April 2023

C.C. Chief Executive
Deputy Chief Executive
Head of Finance
Housing Needs Manager
Portfolio Holder (Cllr Matecki)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Emma Walker, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 There are currently over 5000 properties in the district which are let and managed by the Council. There are also numerous Housing Association properties in the district for which the Council nominates applicants. Thus far, the gross rent collected during 2022/23 amounts to approximately £22 million.
- 2.2 HomeChoice is a scheme which Warwick District Council (WDC) operates; both Council-owned and Housing Association properties are advertised through this method. Applicants to this scheme are placed into a band based on their housing need and are able to bid on any available properties advertised through HomeChoice.
- 2.3 It should be noted that the content of this audit was originally covered under the scope of Lettings & Void Control. However, at the request of the Head of Housing, this has been divided into two separate audits entitled Allocations, Nominations & Lettings and Void Management. The Void Management audit will be covered as part of the audit plan for 2023/24.

3 Objectives of the Audit and Coverage of Risks

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

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

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

1. Bid-related data incorrectly processed on the system.
2. No set criteria in place regarding number of bids made/offers declined.
3. Nominations are not processed in a timely manner and the nomination is lost.
4. Challenge by way of Ombudsman Adjudication or legal challenge by way of Judicial Review.
5. Non-conformance with the Allocations Policy (2021).
6. Housing needs of tenant incorrectly assessed leading to incorrect banding.
7. Failure to respond to new legislation/policies and procedures communicated ineffectively to staff.
8. Reputational damage if Ombudsman Adjudication or Judicial Review approved.
9. Council properties not advertised in a timely manner/property information inaccurately published.
10. Inability to meet the need for housing across the district.
11. Failure to notify applicants of any outcomes in a timely manner.
12. Nominations are not managed properly leading to complaints.
13. Properties allocated to inappropriate or ineligible applicants.
14. Failure to perform robust checks on applicant claims.
15. Housing staff engaging in relations letting/bid rigging.
16. Lack of segregation of duties, meaning that the same officers deal with applications and appeals.
17. Safety of Housing Officers required to visit tenants.
18. Loss of IT/Active H system.
19. Lack of communication with Council Tax/Benefit teams.
20. Lack of performance monitoring in place.

3.3 A 'risk-based audit' approach has been adopted, whereby key risks have been identified during discussions between the Internal Auditor and key departmental staff. The Housing Risk Register has also been reviewed.

3.4 These risks, if realised, would be detrimental to the Council with regards to meeting the external 'People' element of the Fit for the Future Strategy. The Council has a duty to ensure the fair allocation of available properties to eligible applicants and tenants.

4 **Findings**

4.1 **Recommendations from Previous Reports**

4.1.1 There were no recommendations arising from the previous report.

4.2 **Financial Risks**

4.2.1 **Risk: Bid-related data incorrectly processed on the system.**

Upon completion of an application form, the Housing Advice & Allocations Assistants (HA/AA) input the data onto ActiveH, where the housing need can then be assessed. Once the applicant has been assigned a banding and a bidding number, they are then able to place bids on properties which are advertised weekly on the HomeChoice site; applicants can complete housing application forms either online or by obtaining a paper-based copy from the Brunswick Hub in Leamington. Applicants can also contact the Council by telephone and ask for forms to be posted or emailed out to them. Applicants receive a letter within twenty-one days of submission of their application, detailing the banding into which they have been assigned. Due to the high number of applications to join the HomeChoice scheme, the service is currently taking up to six weeks to complete new registrations.

Applicants are assessed based on local connection to the district, immigration status, health, economic status, current household income and housing-related debt. The application process commits to equal opportunities, to ensure that everyone has a fair chance of housing through HomeChoice, no matter their ethnic origin, sex, age, or disability. The Council have produced application guidance notes in order to help applicants navigate the HomeChoice system.

In line with the Housing Allocations Policy 2021, to register on HomeChoice, applicants must:

- be over 16 years old (although tenancies are usually only offered to applicants aged over 18)
- meet the immigration rules to move into social housing.
- not be guilty of 'unacceptable behaviour' (i.e., breaking the terms and conditions of any current or former tenancies)
- have a local connection to Warwick district.

Advisory – Consideration should be given to updating the links on the Intranet for the HomeChoice/HomeBuy functions, as they are currently broken.

During testing conducted by the auditor, it was found that in all twenty applications sampled the 'housing need' of every applicant had been appropriately documented on the ActiveH system; application forms were also held on file for every sample. There were some variations in the time taken to offer successful applicants a property; however, tenancies commenced quickly after acceptance of these offers. Testing revealed that all twenty tenancies started within the same week that the applicant had accepted the offer. Testing also revealed that all twenty applicants had been notified of their band and the relevant offer letters were on file (although seven of these had not been uploaded to the Document Management System (DMS)). Each applicant also received regular correspondence from the Allocations team.

Advisory – Consideration should be given to reminding staff that all documents should be consistently recorded on the DMS.

Applicants are able to bid on up to five properties per week, with bids being placed in order of priority. If two bids are received from the same band, the amount of time that the applicants have been registered on HomeChoice is taken into consideration; some properties have specific criteria attached to them and the applicant is required to evidence that they meet these criteria. Where a successful bidder has been refused, or a bidder has declined a property, it is then offered to the next appropriate bidder. Once all bids have been exhausted, the property is then relisted on HomeChoice.

Houses with two or more bedrooms are generally only available to people with children younger than sixteen. Exceptions are granted to applicants with medical needs and those downsizing from four- and five-bedroom houses. Due to the shortage of four- and five-bedroom properties in the district, the Council does allow people to bid for three-bedroom properties if necessary.

Testing conducted by the auditor revealed that, in eleven out of fifteen cases sampled, refused offers were presented to the next appropriate bidder. The four remaining properties had been readvertised through HomeChoice. Three properties were offered to the next bidder within the same month as the refusal date.

Advisory – Consideration should be given to reminding staff to offer refused properties to the next highest bidder in a timely manner.

A review of the application costings was conducted by the auditor with regards to the HomeChoice scheme. As there have been no orders raised against this contract to date, the remaining budget is still at the approved contract limit of £39,600; the contract does not expire until April 2024. The contract owner is, however, showing as the Housing Allocations and Advice Manager - a post which has remained vacant since 2022. The Head of Housing advised that this post has since been advertised and interviews are due to commence in April.

Recommendation – The HomeChoice contract should be monitored by an alternative contract owner.

4.2.2 Risk: No set criteria in place regarding number of bids made/offers declined.

Applicants who have refused two suitable offers of social housing (within a twelve-month period) or who are deemed to have unreasonably refused a suitable offer of housing are disqualified from the housing register for twelve months, after which time a new application must be made. This is advertised to applicants in the Housing Allocations Policy 2021.

Applicants can receive up to two suitable offers of accommodation. An offer of accommodation that is arranged by way of a nomination to a Registered Provider (RP) is considered a suitable offer. Those placed in Band 1 have this priority for up to twelve weeks. During this period, WDC will only make one reasonable and suitable offer of accommodation. The Housing Advice Team are able to make bids on behalf of applicants for any suitable properties that become available. If someone has not been housed or has not received an offer

of suitable accommodation within the twelve-week period, their case is then reviewed. In these circumstances the team either extend the time period or make one final direct offer of suitable and reasonable accommodation. For all other applicants in Band 2 who have not reasonably bid for a suitable property within six months of their Band 2 award, WDC reserves the right to place bids on the applicant's behalf.

Housing Associations have their own criteria and will carry out their own checks on applicants that are nominated for one of their properties. They have the right to refuse to allocate properties which are considered unsuitable for an applicant. Reasons for refusal may include affordability, medical reasons (bidding for an adapted property for which there is no need), or if applicants pose a risk to the community or are at risk in a specific location or type of property.

The aim of the Rural Lettings Policy is to allow people to stay or return to an area with which they have a connection. The local connection relates to a current or previous home, family associations or employment in the relevant parish. Under the Rural Lettings Policy, allocations are made first and foremost to those with either a local connection, a need to be housed in the locality or with a demonstrable housing need; there are set criteria in place for this.

It was found during the testing of rural allocations, that all fifteen applicants had been notified of their banding and had received validation and financial health checks. However, two validation checks had been carried out by the same officer who awarded the applicant a banding; this was due to a changeover in this officer's job role. Fourteen applicants had a verifiable local connection to the district; one applicant requested housing in the district due to safeguarding concerns.

Local connections to the district are verified through the Council Tax and electoral registers. If the Council agrees that an applicant has a local connection, then they will prioritise those with the greatest housing need, beginning with applicants in Band 1. If there are no suitable applicants who fulfil any of these criteria, the property will be allocated to applicants who can show that they meet any one of the criteria for the adjoining parish or parishes. If there are no suitable applicants who fulfil any of the local connection criteria for the parish, or the adjoining parish or village location, they will allocate the property through HomeChoice without the need for a local connection. This policy applies to the allocation of affordable housing in parishes where a need has been identified by way of a current housing needs survey. The rural housing has to meet a particular local housing need as identified in detailed and up to date evidence from a parish or village housing needs assessment.

4.2.3 Risk: Nominations are not processed in a timely manner and the nomination is lost.

The Housing Strategy and Development Manager (HSDM) advised that the nomination agreement is currently under review and a working group is in place to address this; the HSDM is also in discussion with RP partners. There are several agreements in place for individual schemes, especially where WDC has provided grant funding in the past e.g., Waterloo Housing Association. This took

place before WDC started to develop its own housing and a Joint Venture Partnership was in place with several RPs to provide affordable housing. There was previously a service-level agreement in place for this; however, this needs updating. The Housing Strategy and Development team are in the process of completing this. Bespoke Section 106 agreements are attached to individual planning applications relating to new social housing.

The Council are partnered with several RPs operating in the District; the relevant contact details for these associations are located on the Council website.

There are no set timescales in place with regards to nominations; however, testing confirmed that nominations were processed and sent to the RPs in a timely manner (twelve out of twenty nominations were dealt with in the same month the application was made). All Housing Association properties tested had been appropriately advertised through HomeChoice.

4.3 Legal and Regulatory Risks

4.3.1 Risk: Challenge by way of Ombudsman Adjudication or legal challenge by way of Judicial Review.

Applicants have the right to appeal the band that they have been placed into and an Appeals Procedure is detailed on the HomeChoice Application Form. Applicants may be excluded from the housing register on grounds of immigration status or history of unacceptable behaviour. Applicants are informed of their right to appeal through the Council website and allocations booklet.

If applicants do not agree with the band into which they have been placed, or they have been told that they are not eligible to register, they can ask the housing team to review their application. They must do so in writing within twenty-one days of the decision letter. The team then review the decision and inform the applicant within eight weeks of the date of their request. The Council's reviewed decision is final and can only be challenged by way of a judicial review; there is no further right of appeal to WDC.

Testing conducted by the auditor revealed that thirteen appeals were upheld; only two were overturned and four appeal applications were withdrawn. All applicants had been notified of the outcome of the appeal decision, with a review letter saved on the DMS; however, six of these letters were sent after the closing date of the appeal. The Senior Housing Advice and Allocations Officer (SHAAO) advised that due to the urgency with which tenants in Christine Ledger Square had to be relocated during December-2022, any outstanding banding appeals were assigned a lower priority. Twelve of the appeals were dealt with in the same month as the response deadline; four were completed one month after the deadline (although three of these were waiting on further information from the applicant). Three appeals were dealt with well in advance of the deadline, with only one appeal being processed two months after the response was due (again this was down to a lack of information from the applicant). Sixteen of the twenty appeal cases had been noted appropriately on Active H.

Advisory – Consideration should be given to reminding staff to deal with appeals in a timely manner and update the DMS/Active H communication history/diaries with the outcome of these decisions.

4.3.2 Risk: Non-conformance with the Allocations Policy (2021).

The Housing Allocations Policy 2021 is available on the Council's website. This details the timescale and application procedures, as well as the allocation process. It also sets out the terms and requirements of applicants and outlines how agreements can be terminated.

The Housing Allocations Policy was reviewed by Executive on 11 February 2021. The recommendations to this policy were proposed to Council on 24 February 2021 and were subsequently approved.

4.3.3 Risk: Housing needs of tenant incorrectly assessed leading to incorrect banding.

Applicants can bid for any property, providing that they are eligible. They are not, however, considered before applicants in the allocated band. There is a flow-chart in place which is used by the HA/AAs when deciding into which band tenants should be allocated. All fifteen applications tested by the auditor, had been allocated to the correct band (in line with the Allocations Policy 2021). Whilst 'housing need' is not subjectively defined within the Allocations Policy, it is intrinsically linked to the bands into which applicants are placed.

Failure to bid on any properties over a twelve-week period whilst in Band 1 may result in demotion to Band 2. Failure to bid on any properties over a six-month period whilst in Band 2 may result in demotion to Band 3. Failure to bid for any properties over a period of twelve months will result in disqualification from the Housing Register for a period of twelve months unless there are extenuating circumstances behind the failure to bid.

4.3.4 Risk: Failure to respond to new legislation/policies and procedures communicated ineffectively to staff.

The Housing Allocations Policy 2021 takes multiple regulations, codes of guidance and legislation into consideration, including the Housing Act 1996, the Homelessness Reduction Act 2017, and the Allocation of Housing (Procedure) Regulations 1997. The policy is available for the public to download from the Council website.

Any changes in legislation are disseminated by the Head of Housing to the Housing Management team and subsequently cascaded to officers via email.

4.4 Reputational Risks

4.4.1 **Risk: Reputational damage if Ombudsman Adjudication or Judicial Review approved.**

Documents relating to applications and tenancies are stored on the DMS which is accessible through ActiveH. ActiveH lists full tenant and applicant histories, as well as property letting information where applicable.

If the Allocations team believe a tenant has acted unreasonably, and without good reason, to make their housing circumstances deliberately worse, or with the aim of qualifying for a higher banding, they will not award any extra priority. If tenants owe money to any local authority or housing association, they can apply to HomeChoice, but may not be allowed to bid; they may be allowed to bid if they have agreed a repayment plan for any housing-related debt to which they have adhered.

Applicants may be refused accommodation if they have previously been evicted or have former tenant arrears; the service collates this information through an eviction exclusion list. This details the tenant's name, date of eviction, nature of behaviour, forwarding address, and any costs including rent arrears or damage; this was last updated in January 2023.

There are currently no defined compensatory measures in place if WDC properties were found to not meet certain standards. WDC let properties that are safe and watertight; any other works needed to bring the property up to scratch would be completed around the customer.

4.4.2 **Risk: Council properties not advertised in a timely manner/property information inaccurately published.**

The Council do not currently use social media to encourage applicants to bid on properties. They do, however, publish outside of the allocations policy (on OpenView); this is covered under the terms of the Allocations Policy 2021.

By setting the property status as 'under notice' on the ActiveH system, the property is automatically included in the next round of advertising. Lettings Officers are notified of impending evictions but can only advertise the property once eviction has taken place. HomeChoice adverts are placed every week starting at 00.01hrs on a Thursday and closing at 24.00hrs the following Tuesday. This gives applicants six days to place bids; only applicants registered with HomeChoice are able to place bids.

It was found during testing that all twenty-two properties were advertised within the same month that the property was made available to let; twenty properties were matched to a bidder within seven days of advertisement. The Council can be contacted for more information about an advertised property but cannot provide specific details or locations of properties advertised by partner organisations on HomeChoice.

4.4.3 **Risk: Inability to meet the need for housing across the district.**

Properties are advertised at the start of the next fortnightly cycle, once the current tenancy is under notice of termination. The next successful bidder is contacted immediately upon closure of bidding to ensure that the housing need can be efficiently met.

Due to high demand and a limited supply of affordable housing in the district, the team have compiled a webpage dedicated to managing HomeChoice customer expectations. This page was last updated on 13 January 2023. Data correlates to the last twelve months and details the typical waiting times (representative of the range in which the middle 60% of successful applicants were housed). An individual applicant's wait time will be influenced by the frequency that they bid for properties and the range of property types for which they place bids.

4.4.4 **Risk: Failure to notify applicants of any outcomes in a timely manner.**

The Allocations team aim to process applications within three weeks. Nine of the twenty samples tested by the auditor had been notified of the band within this timeframe.

Advisory – Consideration should be given to reminding officers to complete and distribute banding authorisation letters in a timely manner.

Lettings outcomes/details of the successful applicant's band and their application date are published on the Housing Register and made available on the Council's website. If applicants do not receive any correspondence within one week, their bid has not been successful, and they should continue to place bids for other available properties.

Applicants have the right to information about decisions and rights of review of decisions made relating to their application. This will include the right, on request, to be informed of any decision about the relevant facts of their case, in considering whether to make an allocation to them. Applicants also have the right, on request, to review the decision to treat them as ineligible for the HomeChoice scheme.

The Council writes to tenants every year around the time of the anniversary of their application, to ask if they wish to remain on the HomeChoice scheme; instances of no reply will lead to the application being cancelled. Before removing tenants from the HomeChoice scheme for failing to respond to a review letter, the Council serves notice of this action twenty-one days in advance. Applications will also be cancelled if applicants buy a property through the Help to Buy scheme, engage in unsatisfactory conduct or are subject to a change in immigration status that deems the applicant ineligible. Applicants are provisionally offered the property whilst their application is checked, and references are gathered from previous landlords.

4.4.5 **Risk: Nominations are not managed properly leading to complaints.**

Nominations to RPs are sent immediately after the application is uploaded to ActiveH. The relevant Housing Association is then responsible for contacting the applicant. WDC only become involved in this process if the RP declines the application or if the applicant refuses a property. The Allocations team are then required to nominate the next highest bidder to the RP and investigate the reasons as to why the application has been declined, or the property has been refused by the first applicant. For 2021/22, the number of nominations made was 139, with 108 of these being successful. This increased to 208 nominations made in 2022/23; however, only 107 of these were successful.

There was also a striking variance between the timeliness of properties offered to nominated applicants. Two of these were offered in the same month the nomination was made; one of these was offered a year and a half after the nomination.

Recommendation – Monitoring should be performed at least quarterly on applications nominated to RPs.

4.5 **Fraud Risks**

4.5.1 **Risk: Properties allocated to inappropriate or ineligible applicants.**

There are documented procedures for staff to follow regarding the inputting of applicant information onto the ActiveH system; ActiveH has a diary facility which can track historic changes and maintain a trail of significant events. At the application stage, checks performed by officers look at address history, bank statements, child benefit payments, Council Tax, and housing benefit; successful bids are subject to additional checking at the offer stage.

4.5.2 **Risk: Failure to perform robust checks on applicant claims.**

CIVICA and ActiveH are checked to evidence an applicant's local connection and any WDC housing-related debt. During the verification process, a landlord reference request can be obtained from Housing Associations.

Housing Advice Officers check personal, as well as household identification (e.g., passports, driving licences, utility bills) at the time of application and again at the allocation stage; a HA/AA may also carry out a home visit to verify circumstances. Where children are included in the application, child benefit records are also checked to confirm that the applicant is responsible for the children in question.

Applicants are required to provide supporting documentation, where indicated or requested by the Council. The verification process includes requesting proof of identification, tenancy agreements or eviction notices, proof of pregnancy, proof of dependent children, proof of income/assets/employment and proof of address history and residence. Only original documents are accepted, as stated in the Allocations Policy. Only twelve of the twenty applicants tested by the auditor held forms of identification on file; two of these were 'management moves'

concerning tenants already registered with WDC, who were directly matched to the properties by Housing Management. One applicant was homeless, and therefore the identification had been stored under the homeless file. The officer responsible for this case has been reminded that the location of the ID should either have been noted on the system or moved to the correct file. The remaining five samples, whilst had received validation checks by the Housing Allocation Officer's (HAO), had no physical forms of ID saved on file to corroborate these checks. Five of the twenty samples also had no validation checks showing on the DMS. Validation paperwork should be saved on the DMS through the ActiveH lettings module. During 2022, this paperwork became part of an automated process through the letters function on ActiveH. When completed in this way, validation checks are saved in the communication history but not necessarily kept as a hard copy.

Recommendation - Officers should be reminded to collect physical copies of ID verification and upload these to the Housing system.

4.5.3 Risk: Housing staff engaging in relations letting/bid rigging.

The Housing Needs Manager (HNM) advised that staff are required to declare conflicts of interest. The Learning & Development Officer (LDO) confirmed that these are covered in the staff Code of Conduct forms, which are logged with HR when staff first commence work with WDC. Officers are required to inform HR of any changes in circumstances which could lead to a potential conflict of interest. A walkthrough of the HR system was conducted by the auditor with the LDO; from this, only two Code of Conduct forms could be located, one of which had not been updated for twenty-eight years. A declaration of interest form did exist for one HAO which had been signed in 2016.

Advisory – Consideration should be given to reminding staff to complete declaration of interest forms at least annually.

Questions on the HomeChoice form ask applicants if they or any member of their family is an elected member of the Council or board member of a partner housing association. The form also asks if the applicant or any member of their family is employed by WDC. All twenty applicants tested by the auditor were registered appropriately on the HomeChoice Scheme and had a HomeChoice application form held on file.

4.5.4 Risk: Lack of segregation of duties, meaning that the same officers deal with applications and appeals.

Decisions made by the SHAAO are reviewed by the HNM. Decisions made by the HNM are reviewed by the Head of Housing. There is a segregation of duties in place, so that banding appeals are not dealt with by officers who deal with the application. HA/AAs engage in the banding process and HAOs conduct the validation checks. Any applicants placed in Band 1 automatically go to the SHAAO for processing. No staff in the Housing Allocations & Lettings team have any involvement in rent or debt collection.

4.6 Health and Safety Risks

4.6.1 Risk: Safety of Housing Officers required to visit tenants.

A Housing Needs Risk Assessment has been created by the HNM. This takes COVID-19, travelling for work, PPE, documentation and violence or aggression into account. This assessment is, however, out of date (the review date was 30 November 2022).

Recommendation – The Housing Needs Risk Assessment should be updated.

Visits and property viewings are included in all HAO job descriptions; however, viewings are currently only being undertaken by one HAO. The aim of the visit is to ensure that the information the Council hold is up-to-date and check that the property is suitable for tenant needs.

The SHAAO confirmed that all HAOs, bar one, have been issued with Solo Protect, although the outstanding device is on order. The service abides by the corporate lone-working policy; this was revised in September 2022 to reflect hybrid working and was distributed to all staff in January 2023. The policy also includes flow-charts regarding Solo Protect devices and managing lone working. An in-case-of-emergency (ICE) list is also in place for all Allocations staff; this was last updated in January 2023. Staff also note any site visits on the Allocations calendar so that officers can monitor their whereabouts.

Conflict management training is made available to staff and, as a result, the HA/AAs have recently booked onto a Staff Micro-Aggression course through the SHAAO. Alternatively, members of staff can book onto this course through I-Trent.

4.7 Other Risks

4.7.1 Risk: Loss of IT/Active H system.

The Allocations & Lettings service is completely reliant on ActiveH in order to check applications and verify information. HomeChoice applications not yet scanned onto the system could, in principle, be dealt with, but this process could only go so far without use of the system.

4.7.2 Risk: Lack of communication with Council Tax/Benefit teams.

The Revenues and Recovery Manager confirmed that they receive weekly emails from Housing with new lets and voids as well as the death list from the Corporate Support Team; the Housing Advice/Allocations team are copied into this email.

Once a tenancy has been created, it is down to the tenant to notify the Council of any changes, e.g., death of a joint tenant, new joint tenant, etc. The Housing Advice Team should be notified about a confirmed pregnancy, any member of the household who has vacated, a change of name, an addition to the family, a

change in income/savings or changes in status of accommodation. New addresses may result in a change in housing priority as a result. After the team receive a completed change of circumstances form, they will write to the tenant to let them know if their HomeChoice application has changed as a result.

4.7.3 **Risk: Lack of performance monitoring in place.**

The Business Development & Change Manager confirmed that there are two levels of performance monitoring and reporting for Allocations and Lettings. The Business Development team produce data against the agreed performance measures for the Service Plan as well as a set of operational, management information measures. The Service Plan (updated quarterly) and management information measures are then critically reviewed at monthly performance review meetings. These meetings are chaired by the Head of Housing and attended by all senior managers in Housing, including the HNM and SHAAO. Business Development also provide ad-hoc reports for the Allocations and Lettings team, which supports how the Allocations Policy is implemented.

The HNM also meets with the Allocations Team through team meetings or 1:1's, where performance is monitored and reported. Team meetings are held every two weeks; separate meetings are conducted for the HAOs and HA/AAs, as the roles slightly differ in terms of duties. Exceptional cases (e.g., difficult to let properties) are reviewed by management informally from void reports and escalated to the Head of Housing, where necessary.

Testing conducted by the auditor revealed that there has been some slippage from the KPI targets. The target for the average number of days to re-let a property is currently 100 days. This average was met in 2021/22 but is ten days behind target for 2022/23. There has also been a slight increase in the average days taken to authorise applications from the date of their receipt (31 days in 2021/22 vs. 33 days in 2022/23). There have been some positive increases; the total number of tenanted properties by period end has increased by 725 in 2022/23 and the total number of advertised WDC properties has increased by 42. The percentage of advertised WDC properties matched to applicants also saw an increase of approximately 3% in 2022/23. The percentage of WDC offers that have been refused has, however, increased from 25.14% in 2021/22 to 36% in 2022/23. The percentage of WDC properties let to the first-matched applicant decreased from 71% to 59% and the total number of New HomeChoice Applications authorised in Q3 decreased from 283 to 204.

5 **Summary and Conclusions**

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

- Risk 1 – the HomeChoice contract may not be being monitored effectively.
- Risk 12 – Nominations may not be being managed properly.
- Risk 14 – Robust checks may not be being performed on applicant claims.
- Risk 17 – the Housing Needs Risk assessment may be out of date.

- 5.2 Further 'issues' were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted, as there is no significant risk attached to the actions not being taken.
- 5.3 In overall terms, therefore, we are required to give a MODERATE degree of assurance that the systems and controls in place in respect of Allocations, Nominations and Lettings are appropriate and are working effectively to help mitigate and control the identified risks.
- 5.4 The assurance bands are shown below:

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

6 Management Action

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

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Allocations, Nominations & Lettings – March 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial Risks: Bid-related data incorrectly processed on the system.	The HomeChoice contract should be monitored by an alternative contract owner.	Medium	Housing Needs Manager	Agreed. Contract owner is now the Housing Needs Manager.	3 April 2023
4.4.5	Reputational Risks: Nominations are not managed properly leading to complaints.	Monitoring should be performed at least quarterly on applications nominated to RPs.	Low	Housing Needs Manager	Agreed to implement. May require either setting up meetings with the RPs or asking for a copy of their core reports relating to applications processed within Warwick District. Possible collaboration with Council Tax concerning New Builds and Housing Strategy to see if Active H will generate a flag when the expected handover date of nominations has passed.	1 August 2023
4.5.2	Fraud Risk: Failure to perform robust checks on applicant claims.	Officers should be reminded to collect physical copies of ID verification and upload these to the Housing systems.	Medium	Senior Housing Advice and Allocations Officer	Agreed.	30 April 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.6.1	Health & Safety Risks: Safety of Housing Officers required to visit tenants.	The Housing Needs Risk Assessment should be updated.	Medium	Housing Needs Manager	Agreed.	30 April 2023

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

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

FROM: Audit and Risk Manager **SUBJECT:** Corporate Properties Repair and Maintenance

TO: Head of Neighbourhood and Assets **DATE:** 29 March 2023

C.C. Chief Executive
Head of Finance
Portfolio Holder (Cllr Matecki)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 The 'corporate' property portfolio for the purpose of this audit encompasses all non-HRA assets including operational and non-operational properties as well as open spaces.
- 2.2 Due to variations in the way that they are represented between the key data sources, it is difficult to give a precise number of discrete sites and units within this portfolio. A report run on ActiveH (asset management software) details 558 corporate assets, this list includes car parks, land, cemeteries, shops, public toilets, and larger buildings such as the Town Hall and the Pump Rooms. The disparity is mostly accounted for by the separation of land from buildings in the Asset Register and other variations in the sub-division of premises.
- 2.3 Year-on-year, the base budget for planned maintenance and responsive repairs in relation to the corporate portfolio is £913,000, although additional allocations in the current year of circa. £250K have been allocated from the Corporate Assets Reserve Balance.
- 2.4 A preventative maintenance programme is managed by the Assets Team with the sites covered categorised as follows:
- corporate operational
 - non-operational
 - public open spaces

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

- 3.1 A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussion between the Internal Auditor and key departmental staff and upon review of the Significant Business Risk Register and the relevant Departmental Risk Register.
- 3.2 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.
- 3.3 In terms of scope, the audit covered the following risks:
1. Incorrect identification of who is responsible for works so unnecessary orders are raised.
 2. Inadequate funding to repair and maintain properties.
 3. Contractors paid in excess of sums due for work done to requisite standards.
 4. Budget overspend.
 5. Failure to meet the Council's legal obligations for maintaining property standards.
 6. Failure to meet new fire safety regulations.
 7. Adverse public impression of appearance of property assets, especially in context of their surroundings.
 8. Irregularities in procurement/ordering processes.
 9. Safety of leaseholders, staff and visitors to premises is compromised.
 10. The Asset Management Strategy is not used to evaluate options for our assets.
- 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:
- Maintaining the condition of corporate assets broadly supports the aims of all five priority themes under the Sustainable Communities Strategy.

4 **Findings**

4.1 **Recommendations from Previous Reports**

- 4.1.1 The current position in respect of the recommendations from the previous audit reported in April 2018 were also reviewed. The current position is as follows:

Recommendation	Management Response	Current Status
The procurement options around the use of Ser-Tec Systems Ltd should be investigated, with a formal contract being put in place if no other suppliers are able to provide the service.	Following advice from Procurement, these works will be tendered for a 3-year contract and a contract will be in place by the end of July 2018.	Ser-tec Systems Ltd is no longer a supplier to the Council so this recommendation is no longer relevant.

4.2 Financial Risks

4.2.1 **Risk: Incorrect identification of who is responsible for works so unnecessary orders are raised.**

Corporate assets are identified on ActiveH (asset management system). They include open spaces such as Abbey Fields and Jephson Gardens, allotment sites, car parks, sub stations, cemeteries, and buildings. At the time of the audit there were 558 assets detailed on the system.

Corporate stock is reviewed regularly and maintained on a 5-year rolling planned preventative maintenance (PPM) programme. This allows timely identification of works that need to be completed before any issues arise.

Where there have been ad-hoc repairs the responsibility of the property is clearly identified on ActiveH. This prevents works being raised against non-Council properties such as leaseholds. Where works have been completed in non-corporate buildings these are most commonly carried out in communal areas where the works include things like repairs or replacement to entry systems, fire doors and other building security works. In some instances repairs have been carried out inside leasehold properties, such as where there has been a leak in a Council-owned asset impacting the surrounding properties which has then required repairs or maintenance to be completed.

A review of recent repairs and maintenance works completed within non-Council properties was carried out. Where the Council had taken responsibility for the works, additional information to support the transfer had been uploaded to ActiveH.

4.2.2 **Risk: Inadequate funding to repair and maintain properties.**

The budget for repairs and maintenance is based on the 5-year PPM programme. This is funded through the general fund, corporate capital reserve and an annual revenue contribution. The programme provides general budget allocations for the next 5-years which can then be allocated and fine-tuned when budget setting is carried out.

Budget setting is completed annually between budget managers and the assistant accountant. Usually, budgets are carried forward with changes made to allow for inflation and increases in contracts, salaries, pay awards. Sometimes, there are reductions to budgets where, for example, projects have ended and the budget is no longer required.

Budget managers meet with their allocated assistant accountant on a monthly basis to help manage spending and to ensure budgets are being adhered to. They also meet around March to complete the end of year accounts. This provides an opportunity to review spend incurred against the budgets and ensure that the budgets set are adequate for the planned maintenance and repairs.

4.2.3 **Risk: Contractors paid in excess of sums due for work done to requisite standards.**

The works to be carried out as part of the PPM programme are entered into ActiveH. This is then issued to the contractor to be actioned. Reactive jobs are also raised through ActiveH, in this case by the surveyors, which issues the work request directly to the contractors.

Reactive jobs are reported by members of the public using the online "Report an Issue" form, phone call or email. Staff members can also use these methods or use the internal communication channels such as jabber (internal communication platform) or MStTeams or the online form held on the intranet.

Reactive jobs are usually for minor issues such as a toilet not flushing, door closure issues and other small works. With larger work requests photos are usually uploaded onto ActiveH to show the issue or works required and the exact location for the contractors. Once repaired the surveyors will visit and check that the works are completed, in some cases the contractors will upload photos of the completed works which reduces the need for a visit and in most cases shows the standard of the works carried out.

A sample of works completed was reviewed. The sample included cases where photos had been uploaded to show the before and after status. The reactive works included an issue with the gates at Riverside House and the planned works included stonework restoration at Warwick Cemetery Chapel Building. As well as the photos of the completed works, the surveyor confirmed that the works would be checked in person when they were next in the area.

Works completed in the sample were in line with the contract and the pricing schedule. Works can only be requested through ActiveH. This links to CIAnywhere (finance system) so that invoices are connected to the authorised work request and requested works can be paid for.

4.2.4 **Risk: Budget overspend.**

The operating costs of individual assets, including future maintenance and PPM, are managed through individual service budgets and within the annually-agreed PPM budget. Where possible, longer term PPM plans are put in place to ensure that assets are maintained to a good standard and remain fit for purpose and meet statutory and other compliance measures. These are reviewed annually on a rolling basis.

The most recent PPM budget review was reported to Cabinet 10 February 2023. The review detailed the expectations of the budget to allow the Council to proactively maintain all existing corporate assets in a suitable condition unless or until decisions are made through the Corporate Asset Management Strategy.

The proposed budget allocation for 2022/23 is based on a review of the current PPM data by officers within the Assets Team, in consultation with building managers from other services. For 2022/23, the total PPM budget is £803,600. This will be funded using £413,200 from the Annual Revenue PPM budget and a £390,400 top-up from the Corporate Assets Reserve.

There are monthly budget meetings to review the budget situation. These are attended by the Head of Neighbourhood and Assets and the allocated accountant. The accountant keeps a large spreadsheet which includes all of the relevant budgets for repairs and maintenance, including housing properties. Individual budgets are monitored using the detail on the main spreadsheet. This allows any variances to be highlighted before they can become significant. Contract managers who are responsible for the repairs and maintenance contracts review spending against contract and the budget to ensure they are adhered to.

There have been no identified instances where variances have been so significant that they have had to be formally reported and approved. The accountant confirmed that variations are identified early due to the frequent budget monitoring meetings that highlight any potential issues before they become significant.

4.3 Legal and Regulatory Risks

4.3.1 Risk: Failure to meet the Council's legal obligations for maintaining property standards.

The main regulations applicable to corporate properties is the Health and Safety at Work Act 1974. An audit of Health and Safety Compliance of Council Buildings that was recently completed on 23 January 2023 reviewed corporate buildings and leased properties covering elements such as gas, electric, lift and other key areas from within the Act. Where recommendations were noted in the report management had responded with appropriate actions which either resolved the issue immediately or put plans in place to resolve them within a few months.

The 5-year rolling PPM programme in place is not designed to just repair issues as they arise but to maintain the condition of the properties in order to reduce the need for repairs.

4.3.2 Risk: Failure to meet new fire safety regulations.

The fire safety regulations were covered in the audit of Health and Safety Compliance of Council Buildings; since completion of the audit, however, the Fire Safety Regulations 22 have been issued (at the end of January 2023). The Council is intending to achieve compliance by April 2023, six months in advance of the October deadline set by the Regulations.

The Regulations implement the recommendations made by the Grenfell Tower Inquiry. Seeking to improve the fire safety of blocks of flats / high rise buildings. The regulations supplement the fire safety order 2005. They apply to all buildings with additional requirements for those over 11 metres high. Although the changes apply mainly to residential properties, there are some areas which include all buildings, especially those with common parts used for evacuation such as corridors and stairways.

Although Assets staff have not yet been made formally aware of the new regulations, are in place. The Council have commissioned Pennington's to perform a full review to assess the baseline of compliance processes and

procedures across the Council. Part of this commission includes liaising with relevant staff and providing recommendations and feedback. This provides an opportunity to make staff aware of the changes and the impact on their roles and will bring the current processes and procedures in line with the new regulations.

The scheme of delegation is being reviewed and updated to include fire safety with the responsibilities shared between the Head of Housing and the Head of Neighbourhood and Assets. As part of the scheme, the Head of Neighbourhood and Assets meets with managers in Housing and Assets on a monthly basis to review concerns and enable fire safety works to be prioritised using a RAG (red / amber / green) spreadsheet. This method quickly highlights the main concerns and allows updates to be completed ensuring the information is current.

Building heights have been measured and recorded to help the Council to comply with the changes. Where buildings are different heights at the front to the back because the guidance is unclear the highest measurement is used.

According to the Regulations, the Council, as a corporate body, is the "responsible person". The guidance recommends delegating to an individual in this situation to help ensure compliance with the regulations. The role of "responsible person" has been delegated to the Chief Executive of the Council.

Fire doors in corporate buildings are checked every three months following the guidance given in the Regulations. Although this audit focuses on corporate buildings it was confirmed that a new post of Service Officer for Housing is being established to whose role it will be to check compliance in all flats and high-rise Council owned buildings.

The Regulations specify that external wall records and floor plans must be produced, for clad housing properties and for residential buildings over 11 metres high, respectively, with a copy kept on site and another issued to the local Fire and Rescue service. However, there is no known corporate stock that needs to produce external wall records as part of the new Regulations and similarly there are no corporate buildings that include residential properties over 11 metres high so no external wall records or floor plans or plans need to be provided to Fire and Rescue.

Monthly fire safety checks are recorded in logbooks and kept on site for the individual buildings. The checks include inspecting fire escape routes and fire doors and reviewing signage in place together with practice evacuations and alarm tests. A review of the logbooks held at Riverside House showed that testing is completed on a weekly basis for alarms with additional checks carried out throughout the month. Where any issues have been noted, a separate section of the logbook is completed to detail the issue and the repair / replacement or maintenance needed.

Other requirements of the Regulations apply for residential buildings and include the provision of fire safety instructions, wayfinding signage and secure information boxes. As these are required for residential properties they have not been checked as part of this audit, the remit of which concerns corporate buildings only.

4.4 **Reputational Risks**

4.4.1 **Risk: Adverse public impression of appearance of property assets, especially in context of their surroundings. .**

A budget report to Cabinet on 9 February 2023 provided information about the PPM programme. The detail given was limited providing the overall budgets for the three categories: Corporate Operational, Non-operational, and Open Spaces.

The accountant managing the budgets for the PPM programme was able to provide a detailed spreadsheet covering the 5-year PPM programme in place. The spreadsheet breaks down the three main categories in detail listing the various corporate properties and land. The plan is further broken down into years, detailing the works planned and the expected budget. The works include maintenance of footpaths, walls, lighting, roofs, painting, and internal works such as bathroom and kitchen replacements. The external works planned will help to ensure the appearance of the properties is maintained.

4.5 **Fraud Risks**

4.5.1 **Risk: Irregularities in procurement/ordering processes.**

Orders for works are raised through ActiveH logged under the asset requiring the works. Logging the works in this way prevents the same work being raised more than once as well as enabling a work request to be issued directly to the contractor. When the work has been completed the contractor updates the system and uploads any relevant documents. An invoice is issued and uploaded to CIAnywhere.

A sample of contracts relevant to repairs and maintenance was reviewed. The sample included ten contracts. Most of the contracts are showing none (or very little) spending against contract when using the contract management section of CIAnywhere to review it. This is because the invoices for works raised on ActiveH are not linking to the contract information on CIAnywhere. Monitoring and reviewing contract spend is a time-intensive process as the invoices for work have to be identified and manually added up. After reviewing the invoices from the contractors in the sample it was found that two of the ten were overspent. This was raised with both Procurement and the Head of Neighbourhood and Assets allowing them to discuss whether variations were needed to be made to the contracts with D&K (air con) and Stannah (lifts) to account for the overspend.

Raising work orders through Active H is the appropriate way to do this as it shows the work against the correct asset. CIAnywhere is relatively new to the Council. Phase 2 of the implementation of CIAnywhere was to link it to the other systems in place, including ActiveH. Due to changes in staff and lack of resource this phase was temporarily put on hold. The Head of Finance has confirmed that implementation of phase 2 is delayed but that officers will be working on it, with the aim of completing it within the next two years.

Spending actioned through ActiveH accounts for around a third of contract spending. To enable contract and budget managers to successfully manage the spending against contracts it is important that the phase 2 be completed as soon as possible. This will not only save the officers time but could also prevent the Council from breaching contracts and overspending.

Recommendation

Phase 2 of the implementation of CIAnywhere should be actioned as soon as possible enabling invoices raised through ActiveH to be linked to the relevant contract.

All contracts in place have been procured in line with guidance and with the support of the Procurement team. Spend over £5k with one supplier should be recorded on the contract register in order to be compliant with the Local Government Transparency Act. A review of a sample of spending for repairs and maintenance found that spending was with listed contractors; there was no spending over £5k identified where the supplier wasn't listed on the contract register.

4.6 Health and Safety Risks

4.6.1 Risk: Safety of leaseholders, staff and visitors to premises is compromised.

The safety of leaseholders, staff and visitors to corporate properties was considered in the audit of Health and Safety Compliance completed in January 2023. Covering areas such as gas and electrical safety checks, legionella, lift maintenance and fire safety, the audit reviewed the risks that could impact the safety and the controls in place. Rather than re-cover the same information the risk registers have been reviewed to identify other areas that could impact the ability to repair and maintain corporate buildings.

There are a number of financial risks identified in the significant business risk register (SBRR). The following risks were identified as being relevant to this audit:

- Contractor going into administration or withdrawing from the contract
- Not complying with legislation or legal requirements
- Failure to protect and maintain Council buildings.

To reduce the likelihood or impact of these risks there are various controls in place such as effective contract management procedures and properly procured contracts, ongoing training and legal advice, using a corporate asset management strategy, and having appropriate structures to review compliance.

Service area risk registers are in the process of being incorporated into a spreadsheet with the service area plan. This will help to keep them relevant and in line with the objectives set out in the plan. This has not yet been completed since the service areas of Neighbourhood and Assets were combined. The previous risk register for Assets was last updated in August 2021. In addition to the larger risks identified in the SBRR, the service area risk register identifies risks that directly impact the service such as failure to communicate effectively

resulting in incorrect work being carried out. Other risks echo those in the SBRR but provide more asset-focused mitigating controls rather than generic ones.

4.7 **Other Risks**

4.7.1 **Risk: The Asset Management Strategy is not used to evaluate options for our assets.**

The Asset Management Strategy (AMS) 2019 – 2023 was approved 13 November 2019 at Executive. The strategy links to and supports the Council's Business Strategy and Medium-Term Financial Strategy.

The strategy details six categories of asset classification and provides suggested approaches to take when maintaining and managing the assets owned by the Council and when acquiring new assets. The categories include a sustainability criterion beginning with category one where the property has a minimum of 30 years' sustainable life and is expected to meet the client and customer requirements for a minimum of ten years. The sustainability criteria diminishes as it travels through the categories, e.g. reducing to 15-30 years' sustainable asset life, and defined as underperforming, outlived requirement or beyond economic recovery; category five is where the asset and land are no longer in beneficial use. Finally, category six is for assets with no specific service delivery value (such as sustainable urban drainage schemes – known as SUDS, pumping stations and footpaths) or for land banking purposes linked to future developments.

Capital investment ranges across the categories from full investment to no investment with repairs and maintenance following a similar route from being included in the 5-year plan to only undertaking repairs and maintenance in order to maintain the safety and security of the asset or to maintain statutory requirements. The suggested review timeframe for the categories ranges from 6 months to 10 years.

The PPM programme breaks down the property portfolio into the following asset classifications:

1. Operational – assets held to support service delivery including our HQ offices, Spa Centre, Art Gallery & Museum, Leisure Centres, Crematorium and cemeteries.
2. Community – assets for the benefit of the community including parks, play areas, woodland, open spaces, sports pitches and pavilions, monuments and other heritage or cultural assets.
3. Economic – assets held to support local and regional economic development objectives and business start-ups.
4. Commercial – assets let on a commercial basis and expected to make an appropriate rate of return including HRA shops.
5. Investment – assets held for disposal, development or alternative use.

The technical surveying team deliver the PPM programme and manage the responsive repairs. There is a spreadsheet of works in place, used as a guide as there is not a dedicated staff member in place to manage it. The spreadsheet of works details the frequency of maintenance; where a property has been

classified using the AMS categories this is recognised in the frequency and types of works planned.

The AMS provides a framework to use when evaluating the purchase or disposal of assets. The framework provides guidance for reviewing existing assets but can also be used as a tool to assess the suitability prior to acquisition of competing assets as part of a corporate project, or as part of a property investment option.

A review was carried out of properties disposed of or acquired since the implementation of the AMS.

The only disposal reported since November 2019 was the recent report to dispose of Riverside House. Although the disposal is not yet completed, the report proposing it has been issued to committee and approved. The report includes no indication that the property has been evaluated against the AMS. Although an evaluation of the options has been completed as part of the report, no category has been given in line with AMS. A discussion was had with the author of the report (the Chief Executive) as to the evaluation process that was followed. It was advised that the decision to dispose of Riverside House predates the strategy so categorisation was not completed. No other assets were identified as disposed of.

Three assets were identified as being purchased:

1. Waverly Riding Stables, acquired 28 August 2020. There are a number of documents saved to the file for the asset, including quotes for works and inspection records. There was a report to Council on 20 May 2020 but no evaluation could be found.
2. Heathcote Hill Farmhouse, acquired 23 July 2020. Site inspections have been saved to ActiveH and the purchase was reported to Executive on 27 April 2021 but no evaluation in line with the AMS was identified.
3. The most recent acquisition was St Michael's Leper Hospital on 18 July 2022. This was discussed with the Deputy Chief Executive who produced the reports associated with the acquisition. An evaluation following the AMS was not completed due to being a compulsory purchase order. This was because the property is a grade 2 listed building and a part of Warwick's heritage. The owner was struggling to develop it so a compulsory purchase order was issued with an arrangement that it would only be enforced if the owner failed to begin regeneration or development of the site. As they failed to meet the criteria in the arrangement the Council purchased the property. The purchase didn't follow the strategy as it was bespoke and not a normal acquisition.

Recommendation

The Asset Management Strategy should be used to evaluate options for the Council's assets.

5 Summary and Conclusions

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

Risk 8 - Irregularities in procurement/ordering processes.

Risk 10 - The Asset Management Strategy is not used to evaluate options for our assets.

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

5.3 The assurance bands are shown below:

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

6 Management Action

6.1 The 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 Corporate Properties Repair and Maintenance - March 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.5.1	Irregularities in procurement/ordering processes	Phase 2 of the implementation of CIAnywhere should be actioned as soon as possible enabling invoices raised through ActiveH to be linked to the relevant contract on CIAnywhere.	Low	Head of Finance	The contract with TechnologyOne will be extended by one year as additional support is needed for the contract with CIAnywhere, this includes phase 2 of the implementation.	March 2024
4.7.1	The Asset Management Strategy is not used to evaluate options for our assets.	The Asset Management Strategy should be used to evaluate options for the Council's assets.	Low	Head of Neighbourhood and Assets	The Strategy is being used for corporate assets and these have been categorised and classified and a project is underway with Savills to advise the Council on appropriate options for each asset – retain / invest / divest.	September 2023

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

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

FROM: Audit and Risk Manager

SUBJECT: Emergency Planning & Business Continuity Management

TO: Head of Safer Communities, Leisure and Environment

DATE: 10 March 2023

C.C. Chief Executive
Head of Finance
Community Safety Manager
Emergencies and Resilience Lead Officer
Portfolio Holder (Cllr Falp)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 Under the Civil Contingencies Act 2004, the Council has a duty as a 'Category 1' responder to 'assess, plan and advise' on risks of emergency situations and preparedness for them.
- 2.2 Regulations under the Act also require co-operation and information sharing between Category 1 and Category 2 responders and to establish the statutory basis for area-based 'local resilience forums' (LRFs). Warwick District Council is a participating body in the Warwickshire Local Resilience Forum (WLRf).

3 Objectives of the Audit and Coverage of Risks

- 3.1 A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussion between the Internal Auditor and key departmental staff and upon review of the Significant Business Risk Register and the relevant Departmental Risk Register.
- 3.2 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately

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

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

1. Failure to meet statutory duties under the Civil Contingencies Act 2004.
2. Legal action against the Council for failure of statutory services.
3. Failings in response to civil emergencies and disruptive events (actual or perceived) receive bad publicity and/or loss in public confidence.
4. Failure to meet customer expectations. (e.g. loss of IT / power / facilities)
5. Shortcomings in response lead to death, injury, illness or distress that would otherwise be avoidable.
6. Staff stress from work overload due to lack of training on the plans across service areas.
7. Roles, responsibilities and system processes not defined, documented or communicated.

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:

Supports the aims of Fit for the Future Strategy by demonstrating effectiveness in handling civil emergencies and resilience of service in the face of disruptive events.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 The previous audit completed in April 2018 reported no recommendations.

4.2 Legal and regulatory risks

4.2.1 **Risk: Failure to meet statutory duties under the Civil Contingencies Act 2004.**

The Civil Contingencies Act 2004 places a statutory obligation on all Category 1 responders to carry out risk assessments and to maintain a 'community risk register' (i.e. a register of assessments carried out). Local Authorities, including City and District Councils, are included in the list of Category 1 responders.

The 2020 National Risk Register provides an updated government assessment of the likelihood and potential impact of a range of different malicious and non-malicious national security risks (including natural hazards, industrial accidents, malicious attacks, and others) that may directly affect the UK and its interests over the next two years. In addition to providing information on how the UK Government and local responders manage these emergencies, the National Risk Register also signposts members of the public to advice and guidance on what they can do to prepare for these events.

Last updated December 2020, the publication covers risks that could impact the UK over a two-year period. The 2020 update provided changes to the 2017 edition such as including summaries for serious and organised crimes, disinformation and hostile state activity. Additional risks were also added such

as antimicrobial resistance and major fires. Covid-19 was a live issue at the time the document was updated so a case study was included as further information was, at the time, unknown.

As well as using the National Risk Register, the public can also find information about risks to their local area through their Community Risk Register. Warwickshire County Council (WCC) have produced a guide called Preparing for Emergencies in Warwickshire. Used as a community risk register, the guide helps the users to prepare and respond to a major emergency.

The Warwickshire Local Resilience Forum (WLRf) has adopted a multi-agency approach for this work. Formed in 2005 in response to the Civil Contingencies Act 2004, the forum is made up of a number of organisations, fourteen of which are involved in the core planning and six are co-operating organisations. WDC is one of the organisations involved in the core planning work.

The Preparing for Emergencies in Warwickshire document provides information about the measures in place implemented by the WLRf. These include various actions such as monitoring the weather to proactively managing the potential risks e.g. using gritters to keep the traffic moving in poor conditions.

4.2.2 Risk: Legal action against the Council for failure of statutory services.

There is a formal Emergency Management plan (EMP) in place. Active since June 2022, the plan was most recently shared with all WDC staff on the 1 Aug 2022 via a big button on the intranet. Although most staff do not have a key role in the plan it is thought to be useful for staff to know that there is a plan in place.

Originally created in 2014, the plan has been updated and revised a number of times with a log kept showing the date of the revision and noting the revisions made. The current plan was approved by SLT on 11 July 2022.

There are a number of roles or job titles mentioned in the plan which no longer exist, mainly due to restructures and the changes made after the breakdown of the merger. The incorrect roles identified are mainly heads of services and a few of the operational job titles.

The current plan has recently undergone a review and was approved at SLT in 23th February 2023. Training of the updated plan is due to be delivered at Managers Forum in April 2023 with additional training to be rolled out after this to other staff.

There is a review date of Jan 2026 published on the document – this is for a full review. The document specifies timeframes to review various items and information within the document. This includes contact details to be checked every six months, updates when the plan has been activated or when guidance has been changed.

The plan has five operational sections including Facilities, Logistics and Salvage and Recovery. Insurance is included in the bronze team within the salvage section of the current 2022 EMP but has not been specifically named in the updated plan.

When reviewing or assessing the implications to the Council, insurance would need to be considered in most emergencies that could impact Council property, staff, finances, etc., arising from such events as flooding, fire or energy blackouts.

When the insurance went to tender part of the requirement was to include major loss cover. The insurance with Zurich includes access to a major loss team who can quickly assess damage and provide funds in an emergency situation. By ensuring the insurance company is notified early in an emergency it will help to aid recovery as well as helping to calculate the cost / finance of responding to an emergency.

Recommendation

Insurance cover should be specifically named in the EMP to ensure it is considered early on should an emergency situation arise.

There is an overall Council business continuity plan (BCP), however, it is considerably outdated due to changes in staff and job roles. It has been under review since the beginning of the pandemic and will now be brought in line with the Emergency Management Plan. Individual BCP's are also maintained for each service area three of which were provided for the audit - Community Protection, Democratic Services and Housing Services. All of them were last updated in 2022.

Recommendation

The Council's main Business Continuity Plan should be reviewed and brought up to date.

The Emergencies and Resilience Lead Officer is working on the BCP's at present to update them and bring them in line with the new service areas and the recently-updated EMP. The BCP's in place include distribution lists, review processes, contact details and roles and responsibilities.

The plans mention the training and exercising of staff and testing of the plan but don't detail the frequency or depth of the testing. Although the Plans state that records of all relevant staff training and exercising are documented on a spreadsheet in the common drive this file could not be located for the audit. Training has been given on aspects of the plan over the last few years, it has been recognised that this has not been for all staff with responsibilities in the plan. Since January 2020 aspects of the plan have been actioned to help the Council manage the outcomes and impacts of various emergencies, this has included at the start of the pandemic in February 2020, in August 2021 when there was a large local fire and in-depth training was provided to selected staff members in preparation for the Commonwealth games held locally.

Recommendation

Whilst it is recognised that some staff have received training it should be ensured that the emergency management plans, or elements of

them, are exercised and tested regularly to identify training needs or potential gaps in the response.

4.3 Reputational risks

4.3.1 Risk: Failings in response to civil emergencies and disruptive events (actual or perceived) receive bad publicity and/or loss in public confidence.

The Council's website contains appropriate information with regards to emergency planning and business continuity. With a page dedicated to emergency planning there is a large amount of information, links and guidance provided. The page references the relevant legislation and details the responsibilities of the Council.

The page provides a link to the Council's Emergency Planning Policy, last approved 18 March 2009 at Executive. The policy sets out the responsibilities of the Council and the partner organisations. It also advises when the corporate business continuity plan may be actioned.

The self-help section within the pages includes information on where to find out more information about ongoing emergencies (e.g. local radio, social media). It suggests items to include in emergency kits such as a list of phone numbers, a torch, first aid kit, bottled water and tinned foods.

The website also provides contact details for the Emergency Planning team should any additional information or advice be needed.

The Council has a number of social media sites including Facebook and Twitter. These sites provide a way for the Council to communicate with a large number of "followers" in one go. This communication method was used frequently throughout the COVID-19 pandemic where the Council were able to update residents and provide reminders and advice.

4.3.2 Risk: Failure to meet customer expectations. (e.g. loss of IT / power / facilities)

The plans provide details on how the emergency will be communicated with the relevant stakeholders, staff and members of the public. In cases of a widespread emergency, the WCC Communications team is responsible for communication of information and warnings to the public. This forms part of the joint media plan for Warwickshire. WCC's media communications office works with Warwickshire Police to share the information appropriately across Warwickshire. Warwick District Council Media, HR, Stakeholder & Business Continuity Management Team must comply with the details of the plan or the instructions issued.

WDC will communicate business continuity management information to the wider community using various methods including local radio and social media. Having a competent, effective and carefully managed response to an emergency situation ensures accurate information is shared and helps to avoid unnecessary confusion and distress for staff and members of the public. By carefully

releasing information directly to the public and to staff it can ensure that as many people as possible are correctly informed about the emergency situation.

The Warwick District Council Media, Stakeholder & HR Management Team forms when the emergency plan is activated. With direction from the Chief Executive, the team are responsible for media management and liaison. With communications coming from this team only it allows them to be the one voice for Warwick District Council in times of emergency.

4.4 **Health and safety risks**

4.4.1 **Risk: Shortcomings in response lead to death, injury, illness or distress that would otherwise be avoidable.**

Plans are regularly reviewed with the most recent revision having been carried out in January 2023. There is a formal review timetable established and documented within the plan.

The review timetable is as follows:

- Contact details updated every 6 months
- Document refresh annually
- Full document review every 3 years
- Following an emergency or business continuity incident requiring activation of the plan
- Following issues identified during an exercise or test activation
- Following an update to national emergency planning guidance

The plan also highlights that any equipment used for the operation of the plan, such as the resource box, will be checked on an annual basis. The Emergencies and Resilience Lead Officer is the designated role for completing the reviews and checks.

Keeping the plan up to date helps to ensure that responses to emergency situations are timely and efficient, avoiding unnecessary delays and reducing avoidable risks.

4.4.2 **Risk: Staff stress from work overload due to lack of training on the plans across service areas.**

Senior management and Members at the Council have been made aware of the plans in place and have formally approved them as appropriate. The current 2022 EMP was approved by SLT in July 2022. These plans were most recently shared with all staff in advance of the Commonwealth games held in Leamington Spa in August 2022.

A selection of staff identified in the plans were contacted to confirm that they were aware of their roles and to enquire as to when the plans were last shared with them. All contacted confirmed that they were aware of their roles with the majority confirming that the plans were last circulated with them in August 2022.

Although there are a number of roles listed in the plan, the appropriate staff member couldn't be identified as the job title is no longer a WDC role. Due to various restructures the roles and job titles have changed so, not only are the Heads of Services different, but there are also roles within the tactical (silver) and operational (bronze) levels which are no longer current. In an emergency situation it is vital that these roles are up to date so that the correct officer can be contacted. A review of the updated plans confirmed that incorrect jobs titles have continued to be used.

Recommendation

The roles identified with responsibilities within both the current and updated EMP should be reviewed to ensure they are using current job titles so that the correct person can be identified and contacted in an emergency situation.

Any amendments made to the plan are required to be reviewed by identified WDC officers. Final approval of amendments shall be by the Safer Communities, Leisure and Environment Head of Service before circulation to Strategic and Tactical Teams.

Although the plan talks about exercising and testing it does not specify how frequently these tests and exercises should be. The plan refers to identifying training needs during an exercise or test activation and how the command and control structure can be strengthened through joint training and exercising. The Emergencies and Resilience Lead Officer confirmed that at present staff are not formally trained on the plan or its elements. The last full desktop exercise was completed in 2015. A number of staff received ongoing training from April 2021 in preparation for the Commonwealth games held in July / August 2022.

4.5 Other risks

4.5.1 Risk: Roles, responsibilities and system processes not defined, documented or communicated.

The roles and responsibilities are set out in the EMP. The EMP lists three teams / levels of response: Strategic team (Gold), Tactical team (silver) and Operational cells (bronze). Both the tactical and strategic staff are named with their contact details provided.

The Strategic and Tactical teams comprise senior management. The Strategic team provide the bigger picture, looking at political, legal and reputational considerations and impact. The team is responsible for establishing a framework to follow and deploying appropriate resources and personal from within WDC to the emergency.

The Tactical team, once formed and briefed, must keep detailed incident logs of the emergency, recording information, decisions made and actions taken. They must confirm that the emergency management centre is ready to operate and the required resources are in place. They are also responsible for communication with elected members and partner services.

The operational cells sit under a senior manager from the Tactical team. The cells form teams that focus on operational work to help manage the emergency. These teams will execute plans such as: evacuation, salvage and recovery.

Responsibilities and procedures are set out for the Leader of the Council, Cabinet and Elected members. Additional guidance is also signposted for Councillors. Councillors will receive training on their responsibilities in the plan as part of the induction training when there is a new administration. The pandemic prevented the most recent training from being completed, however, guidance was shared with the councillors who were also frequently written to and given guidance on their responsibilities. Councillors are kept up to date when emergencies arise, such as the large local fire in 2021 and the recent emergency evacuation of a high-rise property.

There are clear lines of reporting set out in the plans. The roles are set out and explained, detailing the chain of command and duties expected at each level. The plan has been communicated to the relevant staff members and training is planned to be completed within the next few months.

5 **Summary and Conclusions**

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

Risk 2 - Legal action against the Council for failure of statutory services.

Risk 6 - Staff stress from work overload due to lack of planning across service.

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

- 5.3 The assurance bands are shown below:

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

6 **Management Action**

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

Richard Barr
Audit and Risk Manager

Appendix A**Action Plan****Internal Audit of Emergency Planning & Business Continuity Management – March 2023**

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2	Legal action against the Council for failure of statutory services.	Insurance cover should be specifically named in the EMP to ensure it is considered early on should an emergency situation arise.	Low	Emergencies and Resilience Lead Officer	The new plan will be reviewed and, if appropriate, insurance will be considered.	April 2023
		The Council's main Business Continuity Plan should be reviewed and brought up to date.	Low	Emergencies and Resilience Lead Officer	The plan will be updated and brought in line with the recently-reviewed Emergency Management Plan.	September 2023
		Whilst it is recognised that some staff have received training it should be ensured that the emergency management plans, or elements of them, are exercised and tested regularly to identify training needs or potential gaps in the response.	Low	Emergencies and Resilience Lead Officer	The Emergencies and Resilience Lead Officer is relatively new to role and has plans in place to run exercises of various aspects of the plan to train staff and to test the plan itself from April onwards after the new plan has been implemented.	April 2023 and then ongoing

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.4.2	Staff stress from work overload due to lack of training on the plans across service areas.	The roles identified with responsibilities within both the current and the updated EMP should be reviewed to ensure they are using current job titles to so that the correct person can be identified and contacted in an emergency situation.	Low	Emergencies and Resilience Lead Officer	Roles and responsibilities have been updated and reviewed and are now correct.	March 2023

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

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

FROM: Audit and Risk Manager
TO: Head of Safer Communities,
Leisure, and Environment
C.C. Chief Executive
Director for Climate Change
Head of Finance
Food and Safety Team Leader
Environmental Health and
Licensing Manager
Portfolio Holder (Cllr Falp)

SUBJECT: Food Safety
DATE: 15 February 2023

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Emma Walker, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 The Council's Food Safety service is provided by the Food and Occupational Safety and Health (FOSH) team. The FOSH team are responsible for enforcing food hygiene legislation (as set out in the Food Safety Act 1990) and must adhere to the requirements of the Food Standards Agency (FSA). 649 inspections were carried out during 2022; 218 of these were non-programmed or advisory visits.
- 2.2 Premises are assessed against the requirements of food hygiene legislation, as laid out in the Food Law Code of Practice (England) and Food Law Practice Guidance (England). The risk scoring of businesses ensures that premises are consistently rated based on the Food Hygiene Rating Scheme, which is formed from elements of the criteria laid out in the Food Law Code of Practice (England) and Food Law Practice Guidance (England). Scores range from zero to five, where five demonstrates very good hygiene standards and zero requires urgent improvement. Ratings are a snapshot of the food hygiene standards taken at the time of inspection; it is the responsibility of the business to always comply with food hygiene law. This includes the handling, storage, and preparation of food, as well as the cleanliness of facilities and general food safety. The FSA allows the public to view the hygiene rating for any property held on the database via the Food Hygiene Rating Scheme website, within which are the scores for each category of the inspection. The ratings and dates of inspection can be found via

the FSA website or on stickers displayed at business premises. During inspections, Food Officers (Team Leader (FSTL), Senior Environmental Health Officers (SEHO), Environmental Health Officers (EHO) and Senior Food Safety Officers (SFSO) monitor how food is handled (prepared, cooked, re-heated, cooled and stored). Food Officers are also required to inspect the physical condition of the business (i.e., cleanliness, layout, lighting, ventilation, pest control) and determine how the business manages to ensure that good hygiene standards are maintained.

- 2.3 Warwick District Council (WDC) form part of the Central England South Food Liaison Group, of which the FSTL is secretary. Updates from the FSA concerning food crime, disease outbreaks, export requirements and food complaints are communicated via this platform in addition to daily and weekly updates issued via email using the Smarter Comms database.

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

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.
- 3.2 In terms of scope, the audit covered the following risks:
1. Failure to correctly manage/monitor budgets.
 2. Failure to set appropriate fees.
 3. Failure to complete the FSA Recovery Programme.
 4. Ineffective enforcement of food hygiene standards at all relevant premises.
 5. Failure to identify legislative changes.
 6. Ineffective or overzealous enforcement leading to reputational damage.
 7. Failure to carry out reactive work.
 8. Potential reputational damage associated with successful appeals against Hygiene Improvement Notices or the Seizure, Detention and Destruction of Food.
 9. Failure to respond to outbreaks of disease.
 10. Collusion with businesses leading to incorrect rating being awarded/issues identified not reported.
 11. Lone working.
 12. Injuries to staff whilst on site visits/infectious disease exposure.
 13. Abusive/disgruntled proprietors.
 14. Driving to and from inspection sites.
 15. Loss of computerised system/records.
- 3.3 A 'risk-based audit' approach has been adopted, whereby key risks have been identified during discussions between the Internal Auditor and key departmental staff. The Safer Communities, Leisure, and Environment Risk Register has also been reviewed.
- 3.4 These risks, if realised, would be detrimental to the Council with regards to meeting the external 'People' element of the Fit for the Future Strategy. The Council has a duty to protect individuals from harm and improve the health and

wellbeing of the community.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 There were no recommendations arising from the previous report.

4.2 Financial Risks

4.2.1 Risk: Failure to correctly manage/monitor budgets.

The budget is monitored monthly by the Principal and Trainee Assistant Accountants. £4,821.55 has been received from Primary Authority Charges throughout 2022/23. £12,500 was also received by way of a grant, which was awarded by the FSA for work on the Commonwealth Games. Expenditure thus far has amounted to £224,825. The full year budget is set at £453,800, meaning that expenditure is well within the allocated amount. There have been some slight increases in costs regarding childcare, car allowances and other expenses, when compared to 2021/22, but these costs are negligible.

4.2.2 Risk: Failure to set appropriate fees.

The fees and charges for 2022/23 were increased by 15%; this was agreed by Cabinet on 4 November 2021. These costs cover non-statutory inspections (£218) and the issuing of health certificates (£88.55). Any premises requesting a Food Hygiene Rating Rescore Revisit is charged £250. The fees for 2021/22 were £198 for non-statutory inspections, £77 for health certificates and £227.70 for Food Hygiene Rating Rescore Revisits. It was recommended that these should increase by 15% to bring WDC in line with its neighbouring authorities. Fees are set based on the average number of hours required to carry out revisits to businesses, across an average salary range. During testing it was found that the fees published through Committee papers had been appropriately agreed by Cabinet.

The service also relies on Primary Authority Partnership Fees. This is a statutory scheme established by the Regulatory Enforcement and Sanctions Act 2009. It allows an eligible business to form a legally-recognised partnership with a single local authority in relation to the provision of tailored advice, guidance and assistance relating to regulatory compliance. Primary Authority agreements with WDC are for a fixed number of hours of chargeable advice per year, with a minimum of two hours per contract. On set-up, an additional charge of three hours is payable to cover the time taken for the initial contract set-up and thereafter the time taken for an annual contract review. These hours are pre-allocated and non-refundable if unused. Any business which runs over this threshold is billed accordingly. Primary Authority partnerships are offered on a pre-paid package basis. The Primary Authority Partnership Fees for 2022/23 saw a 15% increase compared to 2021/22.

In previous years, the Primary Authority Charges have not been displayed amongst the General Fees and Charges sent to Cabinet for approval. There was, therefore, no previous level of assurance that the Primary Authority Charges had

been appropriately reviewed by the Council. An advisory note of this nature was made by the Principal Internal Auditor during the Health and Safety Enforcement Audit (March-2022) and has since been put into practice; the Fees and Charges for 2023/24 now include the Primary Authority Charges.

The FOSH team do not tend to review the cost-of service provisions throughout the year, as these are based on a set fee. The time taken to work with Primary Authority Partnerships is observed through monthly performance monitoring.

4.3 Legal and Regulatory Risks

4.3.1 Risk: Failure to complete the FSA recovery programme.

There are currently 1,612 premises registered on the inspection cycle. The database also holds information pertaining to historic premises no longer subject to food safety inspections. This allows the team to re-activate a property, should a business begin trading again; the team can also access previously recorded data. During testing conducted by the auditor, it was found that all twenty programmed inspections were correctly rated in line with FSA standards. These inspections had all been subject to a document quality check where appropriate. Sixteen samples had visit reports, emails or photographs attached to the CIVICA system; however, four properties had no visit report indexed.

Advisory – Consideration should be given to reminding staff to index visit reports, where appropriate.

Pre-Covid, statutory returns were sent to the FSA on an annual basis; however, since the FSA Recovery Plan came into force in May-2021, the FSTL has been completing returns ('Temperature Checks') quarterly; these returns indicate how the Council has been performing against the Recovery Plan milestones and covers both the backlog of inspections (due 2019-1 April 2022) and those due in the current inspection year (1 April 2022-30 March 2023). Inspections should be completed at the earliest convenience, but no later than twenty-eight days from the inspection due date, as advised by the FSA; inspections can be conducted earlier as appropriate. The FSTL identified three Category B premises in the current inspection year, in which the inspection due date had passed; these have therefore been reported to the FSA but will be visited before the next quarterly 'temperature checks' are due. The FSA also monitor that 'temperature checks' have been completed within a certain timeframe.

The FOSH team are bound by the Food Law Code of Practice (England) and Food Law Guidance (England) when carrying out inspections. The main piece of legislation is the Food Safety Act 1990. The Food Law Code of Practice (issued in March 2021) is, in effect, a statutory document that provides much of the basis for how the team operates; this is saved electronically on the network files. There has also been Food Law Practice guidance published for officers; this complements the Code of Practice and provides best practice guidance for the service to follow on the approach to enforcement of the law. Deviations away from Food Hygiene Standards could be used as mitigation/defence in formal action procedures taken against a food business. The FSA Guidance for Local Authorities was last reviewed in November-2022.

Premises with poor scores are visited at least every six months; premises with good food hygiene standards are visited either every twelve months, eighteen months, two years, or three years, depending on the risk score applied. The inspection programme was terminated during the COVID-19 pandemic (in line with government direction) in order to ensure that resources responded to the pandemic; this was supported by the FSA. The FSA Recovery Plan is a formally-recognised plan which instructs local authorities on how to recommence delivery of the inspection programme through phases.

Phase 1:

- By the end of September-2021 – prioritisation of all new businesses for intervention based on risk, planning an intervention programme from September 2021.

Phase 2:

- By end of March 2022 – all overdue establishments rated category A for hygiene to receive an onsite intervention.
- By end of June 2022 – all overdue establishments rated category B for hygiene to receive an onsite intervention.
- By end of September 2022 – all overdue establishments rated C for food hygiene and less than broadly compliant, to have received an onsite intervention.
- By end of December 2022– all overdue establishments rated category D for food hygiene and less than broadly compliant, to have received an onsite intervention.
- By end of March 2023 – all overdue establishments rated category C for hygiene and broadly compliant or better, to have received an onsite intervention.

In addition to dealing with the backlog, as food officers resumed onsite interventions in March-2022, any rating issued since then may also generate a new inspection in the 2022/23 programme or future years programme.

CIVICA calculates the hygiene rating based on the score awarded by the inspector. The Systems Support Officer (SSO) then sends these Food Hygiene Rating scores to the FSA every week, which are then uploaded to the FSA website; procedure notes have been created for this process. CIVICA automatically generates the next inspection date based on this score, although inspectors have the ability to set the time parameters manually.

4.3.2 Risk: Ineffective enforcement of food hygiene standards at all relevant premises.

Officers are required to meet additional food competencies, as laid out in the Food Law Code of Practice (England) and Food Law Guidance (England); the FSTL maintains a competency assessment for each FSO. Quality checks are in place to prevent the ineffective enforcement of food hygiene standards. Enforcement templates are also used when reaching enforcement decisions which are escalated up through the FSTL, Environmental Health & Licensing Manager (EHLM), Head of Safer Communities, Leisure, and Environment and, in cases of prosecution, to the Portfolio Holder.

Under The Code of Practice, an authority is required to document its Food Law Enforcement Policy, keep it up to date and make it available to food business operators and consumers. WDC's policy is available on the website and was last updated in August 2022. The policy was formally approved by Cabinet on 4 November 2021 and issued on 23 February 2022. A Regulatory Service Appendix has also been collated to be read in conjunction with the Council's Enforcement Policy. This provides specific details relating to the enforcement of matters with regards to food safety.

Hygiene inspections are targeted in accordance with the risk assessment parameters set out by the FSA. WDC has a shared enforcement role with Warwickshire County Council in respect of food labelling requirements.

CIVICA requires users to view the scores for each stage of the inspection; profile bands are manually entered, and the system automatically calculates the score based on these figures.

Food Hygiene Improvement Notices (HIN) will be served in circumstances where improvement in structure, training or food safety management systems is required. Failures to comply with a HIN are reported for prosecution; it should be noted that there have been no prosecutions against food premises since 2018.

The FSTL carries out performance monitoring on a monthly basis. Information regarding performance is recorded via a spreadsheet; this includes data relating to inspections, enforcement action and infectious diseases - these are then reported onto the Head of Service. The number of broadly compliant premises in 2022/23 increased by 0.4% compared to 2021/22 and all requests for service have been responded to within the specified timescales. Visits to high-risk properties have all been completed as per the FSA Recovery Plan and food officers are now focusing on inspecting category D and E premises. Any properties no longer trading have been deducted from the performance monitoring spreadsheet targets.

Data is sent to the SSO, who then calculates the statistics for the corporate Key Performance Indicators (KPIs). KPIs are reported monthly and uploaded onto a portal; Heads of Service, Portfolio Holders and SLT have access to this. Information collected for the KPIs includes service requests, response times and compliance of businesses with a rating of 3, 4 or 5. The FSTL is able to produce a report that shows the current inspection status i.e., how many visits have been completed and how many remain outstanding. The FSTL can also check service requests via this method.

Staff maintain their own records of training for Continuous Professional Development (CPD) as required by the Chartered Institute of Environmental Health and the Institute of Food Science and Technology. Training needs are identified through appraisals, 1:1s, liaison groups and team meetings. The FSTL maintains a CPD tracker to ensure that staff are up to date with the latest training and qualifications. The FOSH team is part of the Central England South Food Liaison Group. A SFSO also sits on the National Approved Premises Group and Regional Sampling Group. Webinars have been made available to staff

regarding legislative changes, including the recent British Lion Code. The FSA also distribute intelligence relating to food fraud or illegally imported food.

4.3.3 **Risk: Failure to identify legislative changes.**

Changes in legislation are effectively communicated to staff in a variety of ways. In all cases, these are distributed through bulletins from the FSA. These include updates on food law enforcement, EU export health certification guidance or changes to allergen labelling. Alongside this, the FSA have disseminated FAQ's relating to COVID and allergen guidance. There are also half-yearly government bulletins which highlight upcoming legislative changes for regulators. Legislative changes are either circulated via email or discussed as action points during monthly team meetings. Discussions relating to enforcement activities, required training, and performance monitoring are also included within these meetings; team meetings are also a platform for exploring ways of working and staff wellbeing.

4.4 **Reputational Risks**

4.4.1 **Risk: Ineffective or overzealous enforcement leading to reputational damage.**

Adherence to the Food Law Code of Practice (England) and Food Law Guidance (England) ensures that ratings are awarded correctly, in line with the scoring criteria. Any reputational risks regarding incorrect ratings are covered by the quality checking mechanism, FHRS appeals process, and participation in regular national FSA consistency exercises. An approved and established aide memoire also exists, which enables inspectors to reach suitable conclusions before awarding a hygiene rating.

During testing, it was found that all premises included in the non-programmed inspections had been rated appropriately in line with FSA standards. Four premises had not had the visit report indexed onto CIVICA. Referrals were made to the relevant officers during the audit, via action diaries, asking for documents to be attached and actions to be completed as necessary. One inspection had not had the documents quality checked while two other inspections had the documents quality checked after the testing had taken place. Documents attached to CIVICA do not need to be exported to the network files. Aide memoires that are not uploaded to CIVICA are held on the secure network folders. Previously, if there was no action required following a visit, document checks were not considered necessary. To ensure that no data is missed, the FSTL has requested that document checks be performed at all points of the inspection process.

4.4.2 **Risk: Failure to carry out reactive work.**

The team are also tasked with identifying non-registered businesses and work closely with the Non-Domestic Rates and Licensing teams. The Revenues Systems Officer sends monthly updates via a spreadsheet. The FSTL and SFSO then highlight any changes to premises or identify new businesses requiring a non-programmed inspection. The FOSH team also works with the events team to ensure that mobile/temporary food sellers are compliant. Licensing ensures

that the FOSH team are made aware of any updates/changes to premises licence holder details, temporary event notices or street trading consents by email. On-line premises registrations are sent automatically via the gov.uk website to the FOSH team inbox.

A walkthrough was conducted by the auditor to establish how changes to businesses are recorded on CIVICA. Premise licence changes are circulated to the officer responsible for the next inspection, via the FSTL. Letters are then sent to the relevant business, asking them to register through the gov.uk website. Any registrations through this platform are sent to the FOSH team automatically if pertaining to WDC. Based on the registration form, the details of the premises are then uploaded onto CIVICA, including the trading name, type of business, code area, unique reference number and any contact details. An F code, denoting 'food inspection' will also be allocated, as well as an 'awaiting inspection code' for new properties. This information is sent to Total mobile so that records can be verified by the inspector during site visits. The PR2 code refers to any historical operators of the property. These are stored as historical data on CIVICA, and any new applicants are automatically linked to the premises history. Outstanding actions cannot be closed off until a non-programmed visit to the property has taken place.

Testing conducted by the auditor revealed that all new businesses sampled had been appropriately actioned on CIVICA and quality checked. This was the same for the ten properties tested for changes e.g., where trading emails, operators' names, risk scores or telephone numbers had changed. Twenty-five properties were tested where trading had ceased. Although these had all been actioned on CIVICA, only three of these were subject to document quality checks. The FSTL confirmed that the completion of document quality checks for premises where trading has ceased had only recently commenced. This was recorded in the team minutes for December 2022.

The team investigate all alleged illness complaints; Part 2A Orders under the Health Protection Regulations 2010, can be placed on a person in order to obtain information or gain access to premises where this has been refused and poses a risk to public health. Testing revealed that premises were inspected in eight out of the fifteen illness allegations sampled; one officer managed to gather the required information without needing to conduct a physical inspection. Four allegations received no response from the complainant, but the premises were visited as part of the programmed inspection. In six cases, the complainant was notified of the inspection outcome; two complaints were written off. There was just one case present where the complainant had not been notified of the inspection outcome. Twelve inspections had document quality control checks performed; two inspections had none. One quality check was completed by the responsible officer after the testing took place. Of the inspections that were made, seven occurred within the same month as the allegation; one was six months later. Four complainants were notified in the same month that the allegation and inspection were made; two complainants were notified three weeks after the inspection took place. Officers exercise professional judgement when determining if a visit is required; the speed of a visit is largely guided by premises opening times and trading patterns.

Recommendation – Staff should be reminded to visit premises, where allegations of illness have been made, in a timely manner and notify all complainants promptly of the outcome, where appropriate.

Advisory – Consideration should be given to reminding staff to conduct document quality checks, where relevant.

The FOSH team maintained a calendar of Council-led events during 2021/22 and 2022/23. A draft calendar has been created for events occurring in 2023/24; the EHO is responsible for mapping out the temporary events calendar at the start of the year. Traders are required to complete a permit trade form for these events, highlighting the facilities that they intend to provide i.e., handwashing, gas safety; these are stored on the network files. Officers will then conduct spot checks as necessary, to ensure that the trader adheres to the rules laid out in the temporary event form. These forms allow the FOSH team to check that the trader is a recognised caterer and is registered under the appropriate local authority. Repeat traders are not required to complete new forms for each event, as these remain valid for one year. New food events operating in the district receive a site visit and all traders are inspected. Events that have not received a site visit for a couple of years will also receive a site visit.

Spot-checks are carried out on repeat traders at temporary events if the FOSH team have noticed issues occurring at previous events. Most traders attend events every year and if FSO's are on site, they may visit every trader; this is not a requirement and professional judgement dictates the need for this to occur. A full inspection is not always necessary due to time constraints - some of the larger events have hundreds of traders attending at any given time. Any findings are shared with those relevant local authorities under which the trader is registered, for a home authority follow-up. For a permanent business, follow-up visits are carried out when deemed appropriate, to establish that necessary works have been completed; this process is escalated to the servicing of formal notices and ultimately legal action to achieve compliance if required. Inspections to premises are made by staff in pairs if the issues arising appear particularly contentious.

All properties tested by the auditor were found to have action points held in diary-note form, which detailed the individual stages of the inspection. In all thirty-three cases tested, evidence was held on the network files to corroborate this. The system also included the identity of the inspector and details of the inspection dates.

4.4.3 Risk: Potential reputational damage associated with successful appeals against Hygiene Improvement Notices or the Seizure, Detention and Destruction of Food.

Any appeals against Hygiene Improvement Notices are lodged with the courts. In addition to this, the team are required to take to court foods for which a notice of seizure is served (except imported foods which are instead destroyed).

Any FHRS appeals regarding premises inspected by food officers, are dealt with by the FSTL; there is, however, no involvement from legal services in this process, as rescores are adjusted accordingly. It should be noted that there

have been no appeals recorded to date and mechanisms are in place to prevent this from happening, including quality monitoring checks. Any appeal decisions would be reviewed by the FSTL, EHLM and Head of Service.

4.4.4 Risk: Failure to respond to outbreaks of disease.

The FOSH team are notified daily of any infections or outbreaks of food poisoning by Public Health England. Businesses are not required to notify the FOSH team when outbreaks have ended. Testing conducted by the auditor, revealed that on all disease outbreaks in commercial premises sampled, the FOSH team were notified of the outbreak and subsequent action was taken; all cases sampled also received document quality control checks. Testing was also conducted on twenty-five individual cases of illness. In all cases, the FOSH team had been effectively notified of the infectious disease and the appropriate action was taken. Quality control checks had only been implemented in nineteen of these cases; however, those without document quality checks were cases of *Campylobacter*. The FSTL advised that, providing that a standardised notification letter has been sent to the individual, quality checks are not required in these instances. Testing confirmed that a letter had been sent in all five samples (although one sample had the quality check performed after the testing took place).

4.5 Fraud Risks

4.5.1 Risk: Collusion with businesses leading to incorrect rating being awarded/issues identified not reported.

Given the fact that any evidence collated during inspections, i.e., photographs, emails, visit reports etc. is loaded onto CIVICA, incidents of collusion carry a very low risk. The FSTL produces a report at the beginning of the financial year, which lists the inspections due to be carried out; officers are then manually allocated specific inspections. As part of the monthly performance monitoring, the FSTL frequently runs reports to ensure that inspections have been conducted by the end of the financial year; food officers are rotated to ensure inspections remain independent.

4.6 Health and Safety Risks

4.6.1 Risk: Lone working.

The corporate lone-working policy has been modified to include references to Solo Protect devices and considers the hybrid function of working from home. This was last updated in October 2021. The SEHO has also created a flowchart for managing lone working, which includes a summary of duties for both line managers and employees. There is no specific lone-working risk assessment in place; however, a FOSH risk assessment is available on Assessnet and was last reviewed in September 2022. The next review date is scheduled for September 2023.

During site visits, staff can use body worn cameras; staff are expected to contact the SSO to book a camera with as much notice as possible, so that a camera can be assigned to the relevant officer within the software. When the

camera has been returned, staff must also inform the systems team if any footage needs to be uploaded. If footage is not uploaded, this is automatically deleted after twenty-eight days. All staff have been issued with Solo Protect Devices and are expected to use them. A spreadsheet has been created to monitor which officers have been issued with a Solo Protect Device.

In addition, a review of Outlook, conducted by the auditor, showed that officers updated their calendars accordingly with details of site visits and return-to-office times.

4.6.2 Risk: Injuries to staff whilst on site visits/infectious disease exposure.

Officers have access to the Warwickshire County Council Public Health Case Management system, in order to check venues for potential outbreaks before visitation.

The FOSH risk assessment takes exposure to COVID-19, traveling for work, PPE, violence or aggression and handling of documentation into account. Staff are advised to maintain social distance, wear face coverings, and use hand sanitiser regularly. Officers are paired with the same colleague when working on site but travel alone wherever practicable to reduce the risk of transmission. Officers are also expected to check the staff alert list prior to any visits. Police will accompany officers if required and employees are asked not to enter properties where the police have been refused entry.

4.6.3 Risk: Abusive/disgruntled proprietors.

Conflict management training is made available to officers and can be booked through I-Trent.

4.6.4 Risk: Driving to and from inspection sites.

The corporate Driving for Work Policy was last updated by the EHLM in May 2021; the review date for this is January 2025. There have been no driving accidents to date and annual checks of driver licenses and insurance policies are completed through the appraisal process. The FSTL advised however, that the driving licence and insurance checks have not been completed via Itrent. Electronic copies of these were saved on the network files for all but two officers. During the audit, these officers were reminded to provide these details; the FSTL uploaded this information onto Itrent.

4.7 Other Risks

4.7.1 Risk: Loss of computerised system/records.

CIVICA sits on servers in which data is stored onto discs, and therefore retrievable if required. Members of the FOSH team also print off inspection lists, visit report forms and aide memoires to ensure that work can still continue in the event of a system failure.

5 **Summary and Conclusions**

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

Risk 7 – Complaints of illness may not be being dealt with in a timely manner.

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

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

5.4 The assurance bands are shown below:

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

6 **Management Action**

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

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Food Safety – February 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.4.2	Reputational Risk - Failure to carry out reactive work.	Staff should be reminded to visit premises, where allegations of illness have been made, in a timely manner and notify all complainants promptly of the outcome, where appropriate.	Low	Food Safety Team Leader	The request for service (RFS) reviewed by the auditor was one of two received relating to alleged illness at the same premises from complainants with the same first name – neither responded to officer requests for further information. The complaints were used as intelligence to prompt an inspection at a low-risk food premises and no issues were identified. One RFS was updated and the other was not – a genuine error which has now been corrected. The FSTL now carries out monthly monitoring of all RFSs for response and completion times which will identify any similar occurrence and the officer will receive a prompt using the action diary to record actions taken, etc.	26 January 2023.

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

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

FROM: Audit and Risk Manager
TO: Head of Safer Communities,
Leisure and Environment
C.C. Chief Executive
Head of Finance
Sports and Leisure Contract
Manager
Portfolio Holder (Cllr Falp)

SUBJECT: Leisure Facilities Contract
DATE: 31 March 2023

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Ian Davy, Principal Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 Since 1 June 2017, the Council's leisure centres have been managed by Everyone Active (which is part of Sports & Leisure Management Ltd (SLM)).
- 2.2 Client-side management of the contract is carried out by staff in the Sports & Leisure section of the Safer Communities, Leisure and Environment department.

3 Objectives of the Audit and Coverage of Risks

- 3.1 Contract management audits do not follow the 'normal' risk-based approach, with the audit reviewing the management and financial controls in place.
- 3.2 The audit largely followed the standard contract monitoring programme although the Contract Award and the Contract Termination and Renewal areas were not covered as the award was covered by the previous audit of the topic and the contract has another three years to run before the renewal (extension) is considered. The scope therefore included:
- Service provision and monitoring
 - Contract amendment and variations
 - Finance
 - Contingency planning and risk management.

3.3 The control objectives examined were:

- Staff are aware of what the Council aims to achieve in relation to the services that are being provided
- Contractors are aware of the services to be provided
- Works are undertaken to agreed standards
- Permanent changes to the contract are formally agreed
- The Council only pays for work that has been previously agreed
- Budget variances are limited as the budgets are set appropriately in line with known areas of income and expenditure
- The Council is aware of any potential budget variances
- Payments are valid and accurate and processed in accordance with the appropriate conditions of the contract
- All income due to the Council is received
- Contingency plans exist to ensure that the service continues to be provided
- The Council would not be financially disadvantaged should the contractor fail to provide a service
- The Council will not be liable for any claims received due to the work of the contractor
- The Council and the contractor are aware of the risks in relation to the services provided and have taken steps to address them.

3.4 The outsourcing of the management of the Council's leisure facilities helps the Council to achieve a number of aims set out under the Business Strategy. Specifically, these fall under the External People strand regarding impressive cultural and sports activities, Internal Services strand regarding the maintenance and improvement of services and the Internal Money strand regarding obtaining better returns on the Council's assets.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the audit reported in March 2019 is as follows:

Recommendation	Management Response	Current Status
1 The summary customer comments reports should include all relevant complaints / compliments.	Whilst we have a good handle on customer complaints / compliments from the data we receive from Everyone Active and from our regular client meetings, we acknowledge that we need to agree with Everyone Active a method of collecting customer satisfaction data.	The reports are still in the same format as at the time of the last audit (see 4.2.13 and 4.2.14 below).

Recommendation	Management Response	Current Status
2 A formal log of all agreed contract variations should be maintained.	We have a process for contract variations. However, we will review it and make any required amendments, including the use of Change Control Notes as set out in the contract.	The majority of changes since the last audit have been covered by formal 'Deeds of Variation' which are not entered onto the log. Only two, more minor, changes have been entered onto the log that is being maintained (see 4.3.5 to 4.3.7 below).

4.2 Service Provision and Monitoring

- 4.2.1 The contract commenced in June 2017 and, as such, predates the majority of the current Council policies although there are some references to specific, relevant, policies within the contract documentation and the 'aims' of other policies are also indirectly referenced:
- HR policies were noted in the service specifications in the ITT (invitation to tender) documentation.
 - The 'Background' section of the main agreement document highlights that the contract was being agreed following an advert that had followed the OJEU procedures in place which would have complied with the Procurement policy at the time.
 - The ITT document highlights that 'The booking system ... shall provide online and interactive access...' in line with the Digital Strategy.
- 4.2.2 The latest annual report from Everyone Active also includes their outline plans and aims in terms of the 'Carbon Net Zero' agenda in place at the Council.
- 4.2.3 The Sports and Leisure Contract Manager (SLCM) advised that, whilst there is no current leisure strategy, the service specification included within the agreement highlights the general service requirements along with more specific 'aims' in terms of programming and community / sports development. As part of their submission, the contractor included a series of 'service delivery proposals' (method statements) as to how the services under the contract would be delivered.
- 4.2.4 The SLCM advised that she is the nominated contract manager and, due to service restructures, she has also effectively been the contract administrator recently. However, the Sports Assistant has been undertaking the site inspections and other aspects of the role and two new staff are to be appointed which will allow her to delegate the contract administration role fully to another staff member.
- 4.2.5 The Strategic Procurement and Creditors Manager confirmed that the SLCM had attended a three-hour procurement, commissioning and contract management

awareness training session in December 2022. The SLCM advised that she had also previously undertaken an advanced APSE (Association of Public Service Excellence) training course on contract management.

- 4.2.6 The Service Area Plan (SAP) for Safer Communities, Leisure and Environment includes four specific performance measures in relation to the provision of the services covered by the contract.
- 4.2.7 Performance against these measures is included within the SAP spreadsheet on a quarterly basis with commentary included where appropriate along with comparator figures from previous years, although the SLCM highlighted that it is hard to compare to previous years due to COVID.
- 4.2.8 In terms of reporting the figures, the Performance Management Officer advised that, following the provision of the figures, he compiles the data and presents it to SLT and Councillors in the quarterly report. Management and Councillors also have access to the raw data behind the quarterly reports on the Business Intelligence Portal (which can be accessed at any point) to enable them to easily see longer term trends in performance which may not be captured in the quarterly reports. Everyone Active also produce their own annual performance report which is shared accordingly.
- 4.2.9 The SLCM advised that, as well as the monitoring of the performance management data and the annual reporting there are weekly meetings with the Everyone Active contract manager and quarterly 'partnership' meetings which the individual centre managers also attend.
- 4.2.10 Site inspections are also undertaken at each centre covering issues such as health and safety, cleanliness and general maintenance along with reviews of compliance paperwork (e.g. fire alarm checks etc.). The sites also have to provide details of comments / complaints (see below), accidents and microbiology and these will be reviewed when received to assess whether there are any issues that need to be resolved.
- 4.2.11 The SLCM highlighted that the main issues at present tend to relate to defects / snagging and issues with the (Astro) pitch at John Atkinson (Myton). However, these are issues that the Council has to address as opposed to performance issues by Everyone Active.
- 4.2.12 When required, other meetings will be held to discuss topics such as maintenance, staffing and finances as well as future changes to the contract (e.g. discussions have been held regarding the new dual use agreement at the new Kenilworth School and the taking on of the athletics track).
- 4.2.13 Monthly customer comments reports are received which include details of average customer (satisfaction) ratings but these do not give any indication of how the scores are derived (i.e. how many returns have been received to arrive at the average score).
- 4.2.14 It is recognized that complaints received by either Everyone Active or the Council are discussed in detail at the monthly contract monitoring meetings. The customer comments reports (referred to above) include a summary of

comments and minor issues with the report showing how the issue has been resolved. This report is only a summary of the comments received and does not necessarily include all relevant information to enable the Council to identify any issues that have been escalated. This issue was also raised at the time of the previous audit.

Risk

The Council may not be aware of all relevant issues raised in relation to the operation of the leisure centres.

Recommendation

The report format should be reviewed to ensure that it contains information relevant to the Council at the appropriate level of detail to enable the appropriate steps to be taken.

- 4.2.15 The SLCM advised that if comments / complaints are received by the Council they will be referred to the relevant leisure centre in the first instance. If the issue needs to be escalated, a formal hierarchy will be followed, although the this shows an outdated staffing structure.

Advisory

The complaint escalation hierarchy should be updated to reflect the current staffing structure.

4.3 Contract Amendments and Variations

- 4.3.1 At the time of the previous audit, it was noted that a 'Deed of Variation' had been signed to cover the delays to the contract in respect of the building works overrunning at Newbold Comyn and St Nicholas Park leisure centres.
- 4.3.2 A further Deed of Variation has subsequently been agreed (signed by the contractor and sealed by the Council) in respect of Coronavirus Events, the associated forms that are to be used and changes to finances as a result.
- 4.3.3 There had also been an interim variation (agreed in July 2020) that covered the period between 1 July 2020 and 31 August 2020. This also related to COVID and the changes to finances that were being enacted as a result.
- 4.3.4 A current Coronavirus event form is in effect which waives the concession fee due. In place of this, the agreement is that the fee payable by the contractor for 2022/23 will be 80% of any surplus made.
- 4.3.5 Alongside the 'formal' variations, there are other changes to things such as the timetables which are recorded on a variations register. The majority of the variations recorded were from 2018 (i.e. prior to the previous audit) with only two subsequent updates.
- 4.3.6 One of these covered the social distancing requirements due to COVID with the other relating to the introductions of virtual aquafit instead of lane swimming at

St Nicholas Park Leisure Centre. This latest change was seen to be discussed in the partnership meeting in July prior to the start of the pilot and then discussed in the subsequent (October) meeting with a further session being 'investigated'.

- 4.3.7 The SLCM advised that, due to COVID, there have not been many 'small' changes made, with the relevant changes being covered by the COVID Event Deed of Variation. A new Deed of Variation will be drawn up following the latest (and last) Coronavirus event form to formalise some of the changes going forward.
- 4.3.8 Due to the delays to the completion of the leisure centres referred to above, the Council had been required to make some 'loss of revenue' payments to the contractor (under Schedule 23 of the contract). It was expected that there would have to be similar payments made with regards to the 'Phase II' works at the Kenilworth leisure centres.
- 4.3.9 However, the SLCM highlighted that, as the centres were forecast to be making losses (due to COVID) prior to closing, these Schedule 23 payments were not required with the loss of revenue due to COVID being covered by the Coronavirus deed of variation referred to above.

4.4 **Finance**

- 4.4.1 The SLCM advised that the budget for the year is based on the forecast income from Everyone Active. The current year budget on Ci Anywhere shows the correct figure for 2022/23 based on the agreed 80:20 split of the forecast surplus as set out in the latest Coronavirus event form. The form also highlights that the concession fee for the year has been waived, so this is not included in the budget for the year on Ci Anywhere.
- 4.4.2 Minutes of the 'high-level' catch up meeting held in January 2022 and the email regarding the 2023/24 forecast were reviewed which confirmed that the figures provided by Everyone Active were subject to appropriate challenge.
- 4.4.3 Everyone Active provide spreadsheets on a monthly basis that show the detailed transactions, a summary of these transactions into the relevant codes for the year to date and then a further summary showing the actual figures.
- 4.4.4 The Principal Accountant inputs these figures into a spreadsheet along with actuals from the previous year to compare performance against the forecast figures and these are then discussed with the SLCM who will raise any larger variances with the Everyone Active contract manager for explanation.
- 4.4.5 As the concession fee for the year has been waived, the only transaction for the year will be the surplus share which will be invoiced for after year end. This will be raised once Everyone Active have provided their March spreadsheets and the figures have been checked.
- 4.4.6 An invoice for the 2021/22 financial year was found to have been raised correctly, with the Principal Accountant providing a spreadsheet showing how the figure had been calculated.

4.5 **Contingency Planning and Risk Management**

- 4.5.1 The SLCM advised that a 'Plan B' had been discussed during COVID as to what would happen if Everyone Active were to go out of business or walked away from the contract. Whilst this was not required as part of COVID, she suggested that the principles behind it would effectively form the contingency plan should either of the scenarios occur in the future.
- 4.5.2 The contract document includes a 'Form of Guarantee' (i.e. a parent company agreement guaranteeing the performance of the contract by the contractor). A signed and sealed copy of the guarantee was found to be in place. The SLCM advised that, due to the current economic situation and issues that the leisure industry is experiencing across the country, credit checks are also being performed on the company.
- 4.5.3 The contract also sets out the insurances that the contractor is expected to hold. This includes 'Property Damage Insurance', 'Third Party Public & Products Liability Insurance' and 'Business Interruption Insurance'.
- 4.5.4 The SLCM provided copies of the contractor's Employers' Liability Insurance certificate along with details of the other relevant insurances held by way of a broker's letter. Upon review of the documents provided, it was confirmed that the insurance held was in line with the requirements and was in force as appropriate at the date of the review.
- 4.5.5 A Sports and Leisure Services risk register was provided from October 2022. This had been incorporated into the updated Safer Communities, Leisure and Environment risk registers (generic and service specific) which are included with the Service Area Plan document.
- 4.5.6 The risks included are considered to be appropriate, including risks relating to the failure of the contract along with a number of more specific impacts.
- 4.5.7 The contractor has a regional health and safety manager who reviews sites. External reviews are also undertaken as part of the QUEST assessments with the both reviews covering the risk assessments in place.

5 **Summary and Conclusions**

- 5.1 Following our review, in overall terms we are able to give a SUBSTANTIAL degree of assurance that the controls in place in relation to the Leisure Facilities Contract are appropriate and are working effectively.
- 5.2 The assurance bands are shown below:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.

Level of Assurance	Definition
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

5.3 One issue was identified that requires further action:

- The summary customer comments reports does not include all of the relevant information to enable the Council to identify issues raised and escalated to allow for appropriate steps to be taken.

5.4 A further, minor, 'issue' was identified where an advisory note has been reported. In this instance, no formal recommendation is thought to be warranted and addressing this issue 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 Leisure Facilities Contract – March 2023

Report Ref.	Recommendation	Risk	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.14	The report format should be reviewed to ensure that it contains information relevant to the Council at the appropriate level of detail to enable the appropriate steps to be taken.	The Council may not be aware of all relevant issues raised in relation to the operation of the leisure centres.	Low	Sports and Leisure Contract Manager	The reporting of customer comments will be changed accordingly.	September 2023

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

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

FROM: Audit and Risk Manager
TO: Head of Finance
C.C. Chief Executive
Strategic Finance Manager
Principal Accountant
Portfolio Holder (Cllr Hales)

SUBJECT: Main Accounting System
DATE: 31 March 2023

1 **Introduction**

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 **Background**

- 2.1 The main financial accounting system is the mechanism by which the Council manages its financial affairs. It encompasses the entire system of the monitoring and control of the Council's financial statements.
- 2.2 The accounts are run on Ci Anywhere (finance management system) which has been in place since November 2021 after a successful procurement exercise was completed to replace the previous system used (TOTAL). The current financial year will be the first complete year of using the system, prior to this transactions were journalled across by system administrators.

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

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.
- 3.2 In terms of scope, the audit covered the following risks:
1. Financial data cannot be relied upon for decision making.
 2. Accounts may be misstated if suspense balances are not cleared.

3. Final accounts are not prepared in line with accounting standards and are not produced in a timely manner in line with legislation.
 4. The Council cannot deliver a balanced budget resulting in the issue of a section 114 notice.
 5. Unauthorised transactions are processed with financial irregularities going undetected.
 6. Stress of dealing with year-end processes.
 7. Work spread unevenly amongst teams leading to enhanced pressure on some staff.
 8. Staff in other departments do not provide required information in line with published timetables.
 9. Lack of documented procedures and training on the new system.
- 3.3 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

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

4 Findings

4.1 Recommendations from Previous Reports

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

Recommendation		Management Response	Current Status
1	The journal authorisation process should be brought up to date.	The Journal Authorisation Process will be maintained in a more timely manner, with deadlines being set for when approvals need to be made by (within a fortnight of month end for Principal Accountant level, with 1 further week for Strategic Finance Manager authorisations.)	There is a journal process in place for the authorisation and inputting of journals. The majority of journals from the current financial year have been authorised within 7 days with a very small percentage (0.007%) taking more than 7 days.
2	The year-end write off of suspense account balances should be reconsidered as opposed to carrying forward the balances.	The process is to be reviewed in conjunction with the Principal Accountant (Capital & Treasury) and the Accountancy Assistant, to agree the appropriate action. This will be reviewed as part of the 2019/20 final accounts.	This will be done following a significant write off done as part of the 21/22 Statement of Accounts once the final accounts have been signed off by the external auditors.

4.2 Financial Risks

4.2.1 Risk: Financial data cannot be relied upon for decision making.

The Finance pages on the intranet include user guides and training videos for Ci Anywhere (Finance Management System). These help users with actions such as paying and raising invoices, viewing budget pages and journal entries. The Ci Anywhere interface is sectioned into various roles, with the roles then further broken down into tasks. For example, the "Debtors and Billing" role provides various task options for the user including invoice generation, debtor statements and debtor transactions. The training videos and guidance help to ensure that data is entered correctly onto the system, with authorisation checks in place to help ensure that the data is valid and can be relied upon.

A sample of data was reviewed which included a range of transaction types. Various payments, receipts, journal entries and invoices were all within the sample reviewed. Testing confirmed that in all cases the correct amount had been applied against the cost code and where credits or debits had been applied against an incorrect code this had been corrected with documents uploaded to explain the change.

Although the closing balance at year end would normally be brought forward into the current year, the external auditors have not yet signed off the accounts. Once completed, the closing balances will be updated on the system. There are no earlier balances to view as the finance system was only implemented in November 2021 so this will be the first complete financial year on Ci Anywhere.

4.2.2 Risk: Accounts may be misstated if suspense balances are not cleared.

Separate suspense (holding) accounts are set up for both income and expenditure. The accounts are regularly reviewed with items moved to the correct cost code. A sample of suspense accounts was reviewed. Allocations are made in a timely manner and movement of funds is documented with journal entries. It was also confirmed that transfers from the suspense accounts in the sample were completed on a minimum of a monthly basis with some checks being carried out daily.

There are a number of users within Finance who have responsibility for checking the suspense account, with some checking for funds when they need to balance the ledger and others routinely checking on a daily basis. One account was identified as having large sums needing to be journalled to the correct codes. It was confirmed by the accountant responsible that the journalling was in hand and that they expected it to be completed by the end of the week, evidence was provided once this had been completed.

The suspense account balances in the sample were cleared periodically and journalled to the correct code to ensure there is minimal opportunity to misstate the accounts.

4.3 Legal and Regulatory Risks

4.3.1 **Risk: Final accounts are not prepared in line with accounting standards and are not produced in a timely manner in line with legislation.**

The Draft Statement of Accounts is publicly available on the Council's website. It provides information explaining the Council's accounting policies in detail. The general principles in place comply with the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with International Financial Reporting Standards (IFRSs).

There is a timetable / plan in place, for the Accountancy team that details the roles and responsibilities and the procedures to follow when preparing the final accounts. The closing plan also includes a timetable that outlines the key tasks and the expected completion date, the previous year's completion dates and the current assigned officer for the task.

The plan is produced on a spreadsheet that includes a checklist with target and actual completion dates and details who has cross-checked the relevant working papers and when. The working papers are hyper-linked to the checklist.

There is a final accounts work plan in place for the work to be completed by the external auditors. This details the external auditor, the lead WDC officer and the estimated hours required to complete each task. This plan helps to manage the resource availability within the Accountancy team.

The working papers for closing accounts also form the guidance of how to complete the various tasks, as set out in the timetable. The guidance within the working papers includes procedure notes and screenshots clearly showing the user the steps to follow. Read-only access to the folder of working papers was provided for the audit allowing the work completed to be reviewed along with the guidance.

The statement of accounts are produced in line with the Accounts and Audit Regulations 2015. The regulations amendment 2022 require that the accounts and opinion are published by 30 November 2022. WDC has not yet published the final accounts for 2021/22 due to a delay with the external auditor. This delay has been reported at committee and details are published on the Council's website. The 2021/22 Update report, produced by Grant Thornton was reported to the Audit & Standards Committee on the 18 January 2023. The draft statement of accounts was uploaded on 5 September 2022 on the Council's website.

The Audited Statement of Accounts for 2020/21 are the most recently published set of accounts. The sources of revenue and capital finance are identified within the statement. Also provided are the revenue from the various service areas such as Housing and Development as well as sources of finance through government grants and contributions, and interest on

investments. The movement in the Council's financial position across the year is set out including where reserves have been used to meet expenditure. As a billing authority, details of other activities such as Council Tax and Business Rates are also detailed in the statement.

The published accounts are presented in a format consistent with accounting recommendations and requirements and comply with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting. Draft accounts are published with a Public Inspection Notice detailing the availability for the public to inspect and make copies of the accounts within a set time frame. Published accounts begin with a message from the Head of Finance and end with the Annual Governance Statement. No signatures are shown on the published documents but accounts are dated and the Leader and the Chief Executive are named.

4.4 Reputational Risks

4.4.1 Risk: The Council cannot deliver a balanced budget resulting in the issue of a section 114 notice.

The Annual budgets are set within the Finance Strategy. The 2022 Strategy ensures that various issues are considered including planned major projects, service changes, costs associated with home / hybrid working, inflation, level of balances and reserves, employee costs, government grants and other relevant considerations and provisions.

The Strategy details the budgets from 2021/22 to 2026/27. The budget details the reserves, expected increases in costs for staff, new homes bonus and grants. The budget also details expected drops in income due to COVID 19 restrictions such as a reduction in building regulations fees, the Spa Centre and car parks income.

The accountancy timetable in place ensures there is resource available to produce a balanced budget. Accountants work alongside service areas reviewing budgets with the officers so any projects or contracts are considered and relevant costs are taken into account. This includes leisure centres, the Waste contract, the Commonwealth Games and the HQ relocation project.

Budget meetings are held with managers throughout the year allowing changes to be considered and implemented. A spreadsheet is updated to reflect these variances which this is then used to update the medium-term Financial Strategy.

There is a Treasury Management Strategy in place which was approved at Cabinet 8 March 2023. The Strategy outlines the management of the Council's borrowing, investments and cash flows, and market transactions.

The risk registers include budgetary risks as appropriate with mitigating controls in place helping to ensure budgetary requirements are managed and planned where possible.

4.5 **Fraud risks:**

4.5.1 **Risk: Unauthorised transactions are processed with financial irregularities going undetected.**

Officers are set up on Ci Anywhere as standard users, apart from a select few who have been given admin profiles. Standard user profiles cannot authorise their own transactions when using Ci Anywhere. Due to the finance system being new to the Council, admin users are currently set up so they can authorise their own orders. . When setting up the system and uploading historic data, staff with admin profiles can transfer data from the old system to the new system quickly rather than having to wait for it to be authorised. An example of where this had happened was provided and it was confirmed that relevant evidence had been attached to the upload to show that the data moved across to the new system was accurate.

When purchase orders are submitted they must be authorised by another officer. There are 131 officers set up on the system with authorisation rights. Authorisation limits vary for the overwhelming majority of users from £10k to £200k with a small percentage of users able to authorise an unlimited amount. There is an authorisation list available on the system that provides the details of officers who can authorise and the limit set. The system also has a built-in hierarchy so if a user selects someone to approve their transaction who doesn't have the required level of authorisation it will automatically get allocated to someone else.

Journals detail financial transactions and are used for reconciling of accounts and the transfer of information to the general ledger. A sample of journals was reviewed. All the journals in the sample detailed the transaction or transfer required to another cost code giving the amount and details of the cost code to transfer to or from. Each journal was dated and numbered with a unique reference. The majority of the journals in the sample were to transfer funds to or from suspense or holding accounts. In a few cases, journals transferred funds between cost codes where items had been miscoded to the wrong service or subject.

Not all staff with system access can raise a journal. Journal privileges are limited to Accountancy staff and a small number of system users. The system has four levels of users set up for journal purposes:

1. The service user: non-accountant who can raise a journal but cannot authorise them.
2. Finance Assistant: can raise and approve journals up to £50k, including their own.
3. Principal Accountant: have the same system rights as the Finance Assistant; can also approve other journals between £50-£500k
4. Head of Finance and Strategic Finance Manager: can raise a journal (but shouldn't); can approve other journals over £500k.

All journals processed between 1 April 2022 and 24 March 2023 were reviewed (1,377 journals). 262 were for over £50k of which 5 had been

authorised inappropriately by a Finance Assistant where the amount was over £50k (less than 2% of journals over £50k). This was discussed with the Principal Accountant (Systems) who immediately emailed the Accountancy staff reminding them to check the amounts they are approving on journals and to approve only those within their limits.

The level 4 users should ideally not be spending time authorising journals which could be completed by level 2 or 3 users. 150 (12%) journals for amounts between £2.33 and £434,940 had been approved by a level 4 user rather than a level 2 or 3. The system doesn't prevent this from happening and the guidance for level 4 staff is just to ensure they aren't spending too much time completing work that could be done by others.

As the authorisation issue is very minor, almost all the journals were processed correctly (1,372 out of 1,377), and the Principal Accountant has acted promptly to remind staff of their duty, it is felt that a recommendation is not needed at this time.

Advisory

Consideration should be given to reminding staff of their authorisation limits on a regular basis to ensure that they are authorising journals appropriately.

4.6 Health and Safety Risks

4.6.1 Risk: Stress of dealing with year-end processes.

Accountants and budget managers are both involved in the year-end process. Once information is received from budget managers, the Principal Revenues Accountant will be tasked as the lead accountant on the overall process and the general fund position. Although the Strategic Finance Manager has acted as the lead this year, this typically is tasked to the Revenue Accountant post which has only recently been recruited to. The Principal Housing Accountant leads on the HRA, and capital and treasury functions are led by the Principal Accountant for that service. The Head of Finance has been involved quite heavily this year in the processes, mainly as part of the transition of staff within the Accountancy team to ensure processes are maintained. Other Principal Accountants provide support in their specialist areas for grants and pensions, system transactions (required for audit), while other staff within the Council provide support for benefits and HR queries.

There is no office manual but the various working papers detail the process for each task, essentially forming a manual broken down into the tasks completed by each accountant. There have been changes to the staff structure over the last year, so staff who have previously completed some of the tasks have been supporting the staff now doing them, providing a one-to-one training opportunity and enabling knowledge to be shared within the team.

The working papers are saved in a shared drive for the Accountancy staff so that they all have access to them. There is an accountancy closure of

accounts guidance document in place. Six of the key staff were contacted to enquire about their roles and to ensure they knew where to find guidance or support if they needed it. Unfortunately, out of the six staff members contacted, only one provided a response confirming they were aware of their responsibilities and knew where to find support and guidance should they need it. A review of the timetable in place shows that tasks are running to plan and meeting target dates and so it is reasonable to assume that staff completing the tasks know where to find additional support and guidance when required.

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

There is a spreadsheet containing information about closing guidance notes. It includes a contact list which details the name of the accountant and the service they are responsible for and an organisation chart with the accountant allocation, and a timetable for deadlines / completion dates for the final accounts.

This spreadsheet sets out the roles of the accountants and the tasks they have been allocated and a comprehensive timetable covering various tasks across the financial year leading up to year end. A Principal Accountant has been tasked with overseeing the overall timetable, managing the staff resource available and providing support when it is identified as needed.

The responsibilities of the Accountancy staff were updated in December 2022 with the services areas split across the staff in a more evenly-distributed way. This update was overdue as the previous system had been in place for a number of years which had meant some accountants had ended up responsible for larger tasks than others, with consequences for workloads. The new responsibilities have been organised to spread the work more evenly and use the skills of the accountant to focus on key areas.

4.7 Other Risks

4.7.1 Risk: Staff in other departments do not provide required information in line with published timetables.

The Finance pages on the intranet provide documents for staff to use that detail the year end processes and training guidance. The guidance includes a timetable showing deadline dates to complete or submit the information to Accountancy. If the dates are missed the guidance explains that budgets may be impacted and any purchase orders not completed by year end will be automatically applied to the following year.

The information also details the accountant with responsibility for the service area. Last updated in March 2022, this information was correct at the time as it was for the 2021/22 year-end process. A more recent timetable and organisation chart exists for the current year. This will be used for the 2022/23 year-end and was circulated to all budget-managing staff to use for budget meetings from January 2023. Although it has been circulated to appropriate staff this list and timetable has not been published on the

intranet. This is because the intranet is undergoing a refresh with a new intranet due to be launched in April 2023. Rather than use resources to update the current intranet pages, staff are using the time to set up the new pages.

At year-end, accountants set up meetings with the budget managers to ensure variations to the budgets have been considered and purchase orders have been closed. Accountants also encourage monthly meetings to enable them to keep on top of budgets, identifying any potential issues before they arise.

4.7.2 Risk: Lack of documented procedures and training on the new system.

There is a Finance system page on the intranet for staff. The page provides guidance and documented procedures on how to use Ci Anywhere. The guidance covers simple tasks such as how to log on to more specific tasks like purchasing, closing orders and journal guidance. As well as written guidance there are also a number of training videos. The training and guidance information page was last updated on 1 February 2023.

More specific guidance is available to budget managers in relation to the closure of accounts. This is updated annually and includes details of year-end training sessions which are mandatory for all budget managers to attend. This guidance sets out clear timeframes for officers to follow to enable the Section 151 Officer to sign off the draft accounts by 31 May 2023. For the last two years the deadline had been extended due to the pressures on local authorities caused by the pandemic. This extension has been removed from this year onwards.

The final accounts will be presented at Audit and Standards Committee once an unqualified opinion has been given by Grant Thornton they will be presented at Audit and Standards Committee. It is crucial that the timescales are adhered to and the training and documented procedures all reinforce this.

Budget managers are reminded that missing the deadlines may impact their budget for the following year. Mandatory year end training is provided to all budget managers. There were three sessions run in March 2023 on the 15th, 21st and 23rd. The auditor was able to attend one of the training sessions enabling them to review the information shared.

The session covered a lot of information in under an hour. There were 19 attendees in the session that was attended by the auditor (21 March). The deadlines were reinforced throughout the session along with the importance to meet them. The session covered clearing of accounts to prevent items carrying over automatically, provided guidance on how to complete the steps for the year end processes and encouraged managers to contact their accountant if they had questions.

Attendees were reminded that they need to meet with their accountant by the end of March to complete the year end process and if the accountant hadn't booked in with them, they were encouraged to chase up an appointment. At the end of the session there was a demo of Ci Anywhere showing the attendees some of the useful features which have recently been added to the

system, providing quick view dash boards to help identify suspense items and outstanding orders.

Thirteen staff had attended the training on the 15 March, nineteen on 21 March and thirteen on 23 March. There are just under 60 budget managers. Attendees to the training also included some accountants. With only 45 staff attending it is clear that not all budget managers has booked onto the mandatory training. A mop up session is due to be arranged to ensure all budget managing staff have had the opportunity to attend.

Where additional training needs have been identified, additional training has been offered e.g. the Audit and Risk team had bespoke training on the contracts module as it was considered that it would be a useful tool for them to use when auditing.

5 **Summary and Conclusions**

- 5.1 Although the review did not identify any significant weaknesses, a minor 'issue' was identified where an advisory note was reported instead of a recommendation. This is because there is little to no risk if the issue is not addressed.
- 5.2 In overall terms, therefore, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Main Accounting System are appropriate and are working effectively to help mitigate and control the identified risks.
- 5.3 The assurance bands are shown below:

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

Richard Barr
Audit and Risk Manager

FROM: Audit and Risk Manager **SUBJECT:** Microsoft 365
TO: Head of Customer and Digital Services **DATE:** 24 January 2023
C.C. Chief Executive
Deputy Chief Executive
Head of Finance
Portfolio Holder (Cllr. Tracey)

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 TIAA, the Council's ICT audit contractor, 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 co-operation received during the audit.

2 Background

- 2.1 Microsoft 365 (M365) is the Microsoft Office suite of productivity tools such as Word, Excel, Access, and other tools in addition to a suite of security management tools that are deployed as needed. The Council has adopted a Hybrid approach to M365 in that certain functions are hosted on site with others in the cloud. This is a common approach that many organisations have adopted.
- 2.2 This audit was undertaken to ensure the security, integrity and availability of the controls in place to manage M365 security controls within the Council.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the controls in place to manage M365 controls in place.
- 3.2 In terms of scope, the audit covered the following risks:
- Lack of governance and senior management oversight of security incident reporting, leading to issues not being addressed promptly.
 - Lack of Standard Operating Practices for the management of security configuration, resulting in poorly managed systems and incidents.
 - Inappropriate restriction of permissions granted via Azure Active Directory portal to Microsoft 365 security management information, leading to an unreliable security infrastructure.

- Ineffective deployment of Microsoft 365 Policies for Managing Devices, Threat Protection and Alerts, resulting in security breaches and disruption.
- Inadequate classification system deployed to guard against data loss, leading to breaches of data protection legislation.
- Ineffective configuration of 'Action Center' to automatically handle and reduce alerts requiring manual intervention, resulting in overburdening of security management resources.
- Lack of appropriate incident management, investigation, resolution and reporting practices, leading to poorly managed incidents and service disruption.

3.3 These were identified by the auditor and agreed with the Head of ICT.

3.4 The work in this area will help to ensure the Confidentiality, Integrity and Availability of the Council's data. Whilst this does not directly help the Council to achieve any specific objectives, it has a cross-cutting impact on a number of internal themes and objectives as set out in the Fit for the Future strategy.

3.5 The risks identified above were covered in overview against the following key areas:

- Procedures and Governance
- Microsoft 365 Restrictions and Deployment
- Alert and Incident Management

4 Findings

4.1 Recommendations from Previous Report

4.1.1 This section is not applicable as this is the first review of this area.

4.2 Procedures and Governance

4.2.1 The Council has an established Security Incident Management Policy which sets out the requirements for reporting on security incidents, how these get communicated to senior management and how decisions are documented and tracked for completion.

4.2.2 We have noted that the policy was last reviewed in February 2018, suggesting that a new review would be prudent.

4.2.3 In addition to the full Security Incident Management Policy, a full change management policy is in place.

4.2.4 We have noted that the policy was last reviewed in May 2018, suggesting that a new review would be prudent.

4.2.5 The Council also has an overriding System Lockdown Policy detailing the management of security configurations, such as access controls to shared and personal mailboxes and calendars.

4.2.6 We have noted that this policy was last reviewed in July 2019, suggesting that it should undergo a new review.

Recommendation

The Security Incident Management Policy, Change Management Policy and System Lockdown Policy should be reviewed to ensure that they remain compliant with Council requirements.

- 4.2.7 Personal mailboxes are created as part of the Council's process for setting up new users and are accessible only to the owner of the mailbox. There is a separate procedure for managers and others requiring access to a personal mailbox in the event of absence or where an officer has left.
- 4.2.8 There is an application form (mailbox access form) published on the Council's intranet that is available for this purpose.
- 4.2.9 Supporting this process, there is a Mailbox access Standard Change Checklist for ICT staff which confirms appropriate authorisation and details the access procedure. We have noted that all of these processes are documented with the ICT Helpdesk, which includes its own peer review processes as part of the implementation of the requests being made.
- 4.2.10 The use of the forms described here was reviewed as part of the audit fieldwork and was found to be adequate for this purpose.

4.3 Microsoft 365 Restrictions and Deployment

- 4.3.1 At present, the Council does not use M365 for file storage, which means that file access is still controlled at a network folder level on the corporate file servers usually via Active Directory security groups.
- 4.3.2 The Head of Customer and Digital Services has advised that there is a strategy to migrate all the network folders onto the M365 OneDrive service and use Teams for shared file stores. These will replace the current network department shared folder structure that exists at present.
- 4.3.3 However, migration to OneDrive cannot take place until the Council has considered the best way forward regarding a consistent approach to data retention, which includes the deletion of data that is no longer required. This is a question for department network shared folders as well as the council-wide folder structure, such as the WDCShare Drive, also known as the L Drive. These file locations store data where ownership of the data is not always obvious and hence, it is not currently clear where responsibility for decisions on the retention of the data is not clear.
- 4.3.4 There are plans in place to work with Information Governance colleagues to make a start on this work. However, it has been a challenge to move the work forward.

Recommendation

Council management should ensure that work to agree and implement appropriate data retention policies be completed as soon as possible. Doing so will help ensure a timely migration to OneDrive, whilst also ensuring that only the data that the Council requires is migrated.

Minimising the amount of data to be migrated may also help reduce the cost of hosting the data in terms of the required storage capacity.

- 4.3.5 All privileged access to M365 functions is controlled with granular permissions – we noted that there is a restricted number of Global Administrator accounts with the privileged permissions. We have noted that the Council has implemented what is known as a Hybrid M365 configuration, with both cloud-based and locally-installed systems co-existing to deliver Council services.
- 4.3.6 As per Microsoft best practice these accounts are created as 'cloud only' accounts with O365 credentials but which are not valid on the internal domain. Implementing separate permissions in this way helps to mitigate the risk of one of these accounts being compromised from accessing the internal domain or vice versa.
- 4.3.7 These accounts also fall under the Conditional Access configurations discussed in more detail below. In this situation the accounts are required to use Multi-Factor Authentication (MFA) if being accessed from a location other than WDC networks.
- 4.3.8 Other than Global Administrator accounts, account permissions are granted commensurate with the staff role. Typically, it is the Global Administrators that grant these permissions and, in all cases, this can only be actioned via a service desk request. From example testing of this process, we have noted that this process is operating adequately and effectively.
- 4.3.9 Council-owned mobile devices, such as Mobile Phones and Tablets are controlled via Microsoft Intune, which is one of the commonly-used Mobile Device Management services.
- 4.3.10 Access to Council data, for example, E-mail, Calendar, Teams, One Drive on personal devices is also controlled via Intune. In this case the desired configuration is delivered via two mobile device policies, a compliance policy, and a configuration policy.
- 4.3.11 A review of the Intune policies described here was undertaken for the audit. The review suggests that the controls in place in this respect are adequate and effective.
- 4.3.12 Laptops and PCs are not yet controlled by Intune and continue to be managed by System Center Configuration Manager (SCCM), also known as Microsoft Endpoint Manager. This is considered to be an adequate compensating control in the absence of Intune as it is a recognised device management system and together with the conditional access feature in O365 ensures that only those devices that are hybrid domain joined can connect to O365 and use the full Outlook Email software.
- 4.3.13 A hybrid domain-joined device is a corporately owned and managed device – they cannot be hybrid domain-joined without administrative intervention from the IT service. Testing of this configuration was undertaken and found to be in place.

4.4 **Alert and Incident Management**

- 4.4.1 Some changes to the O365 ecosystem are out of the control of the Council as they are Microsoft managed, however informational messages are reviewed to assess any potential areas of concern. This is a known aspect of the use of M365, although it is noted that certain alerts require local changes to be made.
- 4.4.2 The Microsoft message centre is where the informational messages mentioned above are posted. As mentioned above, some of these may require local changes to also be made.
- 4.4.3 The audit conducted sample testing of the messaging, triaging and local change management processes (where this has been deemed to be needed). Such testing suggests that the existing processes in place are adequate and effective.
- 4.4.4 The ICT Helpdesk system is used as the day-to-day tool to manage incident reports etc. It includes a 'Major Incident' setting to identify jobs that will impact the council with elevated levels of impact or urgency. Any incident that is classified as a major incident is recorded in the Corporate KPI recording affecting Service Availability Levels.
- 4.4.5 Together with the Helpdesk Major Incident recordkeeping, the Council also operates a formal Service Failure Review system where major service failures are reviewed to assess cause, effect, mitigation and learning points etc. These incidents too are included in the collation of Corporate KPI recording.
- 4.4.6 The audit reviewed an example of this reporting, which was complete and included the aspects that such reports would be expected to contain.
- 4.4.7 In addition to the Corporate KPI recording, ICT Services complete a more granular system to record service availability on a system-by-system basis for major LOB (line of business) systems. This includes a measure for the availability of e-mail.
- 4.4.8 The Council also takes a full offsite backup of O365 data so would be in a position to restore to a point in time should catastrophic corruption occur.

Recommendation

Management should ensure the timely completion of work to implement processes that incorporate immutable backups as part of the existing backup procedures already in place.

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 the M365 management controls 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 audit did not highlight any urgent issues influencing materially the Council's ability to achieve its objectives. However, three issues were identified which, if addressed, would improve the overall control environment:

- Certain policies require review.
- In advance of any work to migrate to OneDrive, documenting and implementing appropriate data retention policies and procedures is required to ensure that only data that is currently required for processing by the Council is migrated.

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 Microsoft 365 Controls – December 2022

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2, 4.2.4 & 4.2.6	Lack of Standard Operating Practices for the management of security configuration, resulting in poorly managed systems and incidents.	The Security Incident Management Policy, Change Management Policy and System Lockdown Policy should be reviewed to ensure that they remain compliant with Council requirements.	Low	Head of Customer and Digital Services	A review of all ICT Policies is already underway. This was delayed during the merger process as many of our policies would have required integration with SDC, but this is no longer an obstacle.	30/06/23
4.3.4	Inadequate classification system deployed to guard against data loss, leading to breaches of data protection legislation.	Council management should ensure that work to agree and implement appropriate data retention policies as soon as possible. Doing so will help ensure a timely migration to OneDrive, whilst also ensuring that only the data that the Council requires is migrated. Minimising the amount of data to be migrated may also help reduce the cost of hosting the data in terms of the required storage capacity.	Medium	Head of Customer and Digital Services	Work is already underway with the Council's new Information Governance Manager to implement appropriate data retention policies that can be enacted across the organisation.	30/06/23

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.4.10						

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

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

FROM: Audit and Risk Manager
TO: Head of Finance
C.C. Chief Executive
Strategic Procurement and
Creditors Manager
Senior Finance Admin Officer
Portfolio Holder (Cllr Hales)

SUBJECT: Payment of Creditors
DATE: 31 March 2023

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Ian Davy, Principal Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 The system in place for processing creditor transactions, from the ordering of goods and services through to the payment of the receipted invoices has changed from TOTAL to Ci Anywhere, with the new system going live in November 2021.
- 2.2 Payment to commercial suppliers in the year to date total £54.1m, covering over 4,200 invoices.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.
- 3.2 In terms of scope, the audit covered the following risks:
1. Orders are placed for which the service has no budget.
 2. Orders (requisitions) are inappropriately authorised.

3. Ineffective payment processes (e.g. failure of auto-matching, staff not submitting invoices for payment when received directly etc.) leading to payments not being made.
4. Incorrect payments are made (e.g. payments for the wrong amount / duplicate payments / goods not received etc.)
5. Discounts for prompt payment are not received / penalties for delayed payments are incurred.
6. Non-order payments are inappropriately made.
7. Credit notes are processed incorrectly (e.g. credit not taken, paid as an invoice etc.)
8. Creditors are misrepresented in Council's Statement of Accounts.
9. Lack of accountability.
10. Recovery action taken and / or loss of access to goods and services due to payments not being made in a timely manner.
11. Payments against valid creditor invoices are misappropriated.
12. Collusion with creditors leading to fraudulent invoices being submitted / directly submitting fraudulent invoices for payment.
13. Supplier data inappropriately amended.
14. Loss of IT / access to the Ci Anywhere finance management system.
15. Inappropriate access to Ci Anywhere.
16. Failure of BACS system leading to payments not being made to creditors.

3.3 These were identified during discussion between the Principal Internal Auditor and the Senior Finance Admin Officer. The 'incorrect payments made' and 'failure of the BACS system' risks are also reflected in the departmental risk register.

3.4 The work in this area underpins the internal Money strand of the Council's Business Strategy.

4 Findings

4.1 Recommendations from Previous Reports

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

4.2 Financial Risks

4.2.1 Risk: Orders are placed for which the service has no budget.

The latest Code of Financial Practice highlights that 'All expenditure and income should be coded to the correct allocation code. Budgets can only be vired to match the expenditure or income, again, subject to the rules of virement. Income/Expenditure should not be coded to where the Budget is, where this code is not consistent with the actual activity.'

It goes on to say that 'Budget Managers will have freedom to move budgets within individual services as described in this section. In managing budgets, the overall priority is to ensure that the overall net expenditure on a specific service is within the overall budget for that service. Managers must take appropriate actions to ensure that this is complied with. Accordingly, whilst there may be

variances alongside individual component budgets, managers need to take a strategic view of their budgets. This will entail them proactively viring between individual budget lines within a service budget. An overspend on one budget head should be compensated by an underspend on another.'

As such, there is no direct need to ensure that individual budget codes ('subjective' lines) are not overspent, as long as the individual budget for a service is controlled.

The Strategic Procurement and Creditors Manager (SPCM) highlighted that, within Ci Anywhere, individuals are defaulted to a delivery point (cost centre and activity code) with a search function allowing users with multiple codes to select the appropriate delivery point. In addition, the nominal element of a budget code is pre-set for all items included in the internal catalogue.

Whilst the nominal (and, therefore, the budget line) can be overwritten, this has not been publicised to users and the action is discouraged. The SPCM highlighted that the only area where the risk of selecting the wrong nominal remains is in relation to the use of capital monies through the project ledger as the coding has to be manually entered in this ledger.

Whilst individual budget codes can be overspent, there is control within the system to stop further orders being placed against contracts once the contract limit has been reached. This is dependent on there being a specific contract value being set within the system and the relevant box being ticked in the contract settings.

4.2.2 **Risk: Orders (requisitions) are inappropriately authorised.**

Sample testing was undertaken to ensure that the authorising officer for each requisition was appropriate (generally within the same service area) and that there was segregation of duties (i.e. the person who authorised the requisition had not also raised it). This testing revealed no issues.

4.2.3 **Risk: Ineffective payment processes (e.g. failure of auto-matching, staff not submitting invoices for payment when received directly etc.) leading to payments not being made.**

The Senior Finance Admin Officer (SFAO) advised that the auto-matching functionality is not working on Ci Anywhere (awaiting a system update), so all invoices are being manually matched to the orders. This will generally be against the order number quoted on the invoice although it may be amended if staff in the service area contact the Purchasing and Procurement Team (formerly the FS Team) to advise of changes.

The SPCM highlighted that the restructuring of the FS Team was in anticipation that this auto-matching functionality would be operational and, as a result, there remains a risk due to the manual nature of the process and the reduced resources available.

Testing undertaken confirmed that eighteen of the twenty orders sampled were matched to the order number stated on the invoice. In the other two cases, one

was matched to a different order than that stated and one invoice did not include an order number. However, given the 'manual' matching process, it was confirmed that both invoices had been paid against the correct order on the system.

Guidance on the creditor invoice process, including the need to forward them to the relevant email address (invoices@warwickdc.gov.uk) is included on the Finance pages of the intranet, so all staff should be aware of the correct process to follow.

4.2.4 **Risk: Incorrect payments are made (e.g. payments for the wrong amount / duplicate payments / goods not received etc.)**

The sample selected for the test set out at 4.2.3 above was also reviewed to ensure that the invoices were appropriately detailed (i.e. they set out the goods / services provided, were addressed to the Council, and included their VAT registration number where appropriate) and had been correctly calculated, with the payments only being made once the goods had been receipted on the system. This testing proved satisfactory.

The results of the latest NFI exercise were examined (reports 707 – Duplicate Records by reference, amount, and creditor reference (values over £500) and 708 – Duplicate Records by amount and creditor reference (values over £1,000) to ascertain whether any duplicate payments had been made. These tests highlighted two duplicate payments totalling £17,140.

They were not picked up by the (Ci Anywhere) system controls as the invoice reference had been entered differently in one case and the other duplicate was due to a quote document being used for a payment and then the invoice was received and was also paid. The current lack of auto-matching on the system, as highlighted above, was considered by the SPCM to be a contributing factor to these errors.

The duplicate payments were flagged up with the relevant staff members and attempts were being instigated to get the funds returned.

4.2.5 **Risk: Discounts for prompt payment are not received / penalties for delayed payments are incurred.**

An intranet message is prepared on an annual basis advising staff that the Council has to publish an annual Payment Performance Data Report. As part of this notification, staff are reminded that the Purchasing and Payment Team are reliant on staff to notify them of any late payment fees that they are aware of.

Payment Performance reports were found to be up to date on the Council's website, covering the financial years from 2015/16 to 2021/22.

The SFAO advised that there is no requirement to provide an explanation of why the fees have been incurred or to provide details of any missed discounts (although suggested that the Council very rarely receives any 'offers' of prompt payment discounts)

Advisory

Staff should be asked to provide explanations for any late payment surcharges incurred.

The sample used for the tests above was checked to ensure that the payments were being made on a timely basis (i.e. on the next payment run after the receipt of the invoice / completion of the ordering and receipting process).

With two payment runs per week (Mondays and Wednesdays), the longest assumed gap for 'prompt payments' was considered to be five days (i.e. the process completed on a Wednesday after the payment run had been completed before the next payment run was undertaken on the Monday).

Whilst there were some large gaps between the invoice dates and the payment dates, the largest gap between the process being completed on the system and the payment being made was six days. In this instance there was no payment run on the Monday due to a bank holiday, so the payment had been made on the next run undertaken as appropriate.

One issue was however noted in that, in twelve of the twenty cases, the orders were actually raised on or after the date of the invoice.

Recommendation

Staff should be reminded of the need to raise requisitions in a timely manner.

If the ordering and goods receipting process has not been undertaken when the invoice is received or if there is a variance between the order and the invoice, the invoice will be 'suspended'. At the time of the audit testing, there were 54 suspended invoices, with half of these relating to Comensura (agency staffing).

The SFAO advised that when the invoice is suspended an email notification will be sent to the relevant staff member. On day seven (based on the creation date on the system), if action has not been undertaken to resolve the issue, the system escalates the case and an email will be sent to the Purchasing and Payment Team who will chase the department. A further alert will be sent on day 14 and then, on day 21, a further alert will be sent and the invoice will be deleted.

For Comensura invoices, the chasing is undertaken at day 21 and they are not deleted from the system with the invoices being balanced at year end.

The SFAO advised that it is not possible to note the chasing performed directly on the system so relies on emails being retained although some of the chasing is performed via phone calls, so there is not always evidence.

A sample of suspended invoices that had reached the different thresholds was reviewed and the SFAO was able to provide evidence of the chasing performed and sample system alerts in most cases and was able to explain what had been undertaken in the other cases.

4.2.6 **Risk: Non-order payments are inappropriately made.**

For some payments made, there is no requirement to raise an order on the system due to them being classified as non-commercial payments. Non-commercial payments arise due to the initial processes being undertaken on another system, or the payments being made are in respect of contributions, grants, refunds or any other payment that does not relate to the payment for goods, works or services.

Payments in respect of housing benefit, council tax and NNDR refunds are dealt with through CIVICA and those in relation to housing and other Council property assets having works orders placed on Active H. The SPCM advised that a project is in place to integrate Active H with Ci Anywhere so that commercial payments are correctly recorded within the system for spend and contract analysis and oversight.

For CIVICA, the (Exchequer) Systems Officer (ESO) will email the Purchasing and Payment Team with details of the transactions (number and amounts) and a file will be uploaded to the server. This is automatically picked up by Ci Anywhere which will create or overwrite accounts for each payment due, setting up non-order transactions and posting the transactions as ready for payment.

An alert is then generated which highlights that the transactions are ready for payment with the alert also detailing the number of payments and the amount.

A checklist is used to ensure that each of the payment runs is undertaken appropriately with the figures being matched. Once run, an email alert is sent to the ESO to confirm that the payments have been made.

As the process is automated, the last CIVICA payment run was reviewed which confirmed that the process had operated as expected.

For Active H, when Assets staff post a file, it automatically exports to a server file and they will email the Purchasing and Payment Team with copies of the invoices to support the payments.

Ci Anywhere picks this server file and uploads to a suspended non-order payment with an alert being sent to the Purchasing and Payment Team.

The Purchasing and Payment Team then update the relevant transaction and, when everything matches, the transaction is posted for payment and will be included in the next Commercial payment run.

There is a Commercial Run checklist, with the total amounts being checked, although this covers all relevant payments that have been included as opposed to anything specific for Active H. The SPCM advised that the route used for these payments may change as part of the integration mentioned above and the need for spend to be tracked in the purchasing and contracts module.

A sample of 'other' non-order payments was selected and testing was undertaken to ensure that appropriate supporting documentation has been uploaded to the system, with details of the correct supplier, amount, and reason

for the payment. This test proved satisfactory with appropriate supporting documentation being in place for each payment reviewed.

4.2.7 Risk: Credit notes are processed incorrectly (e.g. credit not taken, paid as an invoice etc.)

A sample of credit notes received was reviewed to ensure that they were being used to offset the original invoice or were being claimed against a subsequent invoice from the supplier and they were being taken as credits (i.e. payment was not being made against the credit note received). No issues were identified.

4.3 Legal and Regulatory Risks

4.3.1 Risk: Creditors are misrepresented in Council's Statement of Accounts.

As highlighted above, the SFAO advised that all invoices are currently being matched to the orders raised, so there were no issues with regards to orders being shown as outstanding where a payment had already been made.

He also highlighted that all relevant Finance management staff and accountants have access to all relevant modules and dashboards that can be reviewed to look at the budget position and any commitments (i.e. orders placed that have not yet been paid).

4.4 Reputational Risks

4.4.1 Risk: Lack of accountability.

The current Code of Financial Practice includes sections on Expenditure and Payment of Accounts as well as making reference to the responsibilities in this area for the different levels of staff.

The Principal Accountant – Systems (PAS) is the system owner for Ci Anywhere although the Purchasing and Payments team, managed by the SFAO, has day to day 'responsibility' for the payment processing. This responsibility is reflected in the latest job description for the SFAO as appropriate.

The SFAO advised that there are no restrictions over which codes individual users can use when setting up requisitions. This is partly due to the fact that certain users (e.g. CST staff) will need to raise orders on behalf of various cost centres.

As highlighted above, codes will be auto-filled when requisitions are created from the contracts / catalogue of products on the system which will generally be relevant to the specific user although the codes can be amended or split if required.

The new user request form also requires the department cost code and activity codes to be provided, with the form highlighting that this will be the default code used when orders are raised.

There are four requisition approval limits set in Ci Anywhere (£10k, £50k, £200k and Unlimited), with three different 'role' types (Finance, Procurement and Standard).

The PAS advised that a decision had been taken to rationalise the number of different levels available, as TOTAL had become unwieldy to manage, with these four 'values' being considered to be sensible amounts.

Those who had approval levels on TOTAL were placed into the nearest equivalent level on Ci Anywhere, with new users having their level decided by their manager when they complete the new user request form.

4.4.2 Risk: Recovery action taken and / or loss of access to goods and services due to payments not being made in a timely manner.

Testing on the timeliness of payments is covered above (see 4.2.5).

4.5 Fraud Risks

4.5.1 Risk: Payments against valid creditor invoices are misappropriated.

The sample used for the previous tests was reviewed to ensure that the payments were being made to the correct bank account.

In two of the twenty cases, the payment was made to a different bank account than the one identified on the invoice but was in line with what was included on the standing creditor data at the time of the payment. The standing data had subsequently been amended in one case, but the other still showed the old bank account details.

Recommendation

Staff should be reminded of the need to check bank account details recorded on the invoice against the standing data before a payment is made.

4.5.2 Risk: Collusion with creditors leading to fraudulent invoices being submitted / directly submitting fraudulent invoices for payment.

As highlighted in the findings above, all invoices paid had been matched to appropriately authorised orders.

Within the permission settings for each role, there is a 'tick box' that either allows or does not allow a user to approve their own purchase requisitions. The PAS attempted to raise and authorise a requisition during the audit testing and an error message was received as expected.

An extract was run from Ci Anywhere showing all requisitions. Upon review of the completed requisitions, the only ones shown as being created and approved by the same user were those that had been created by an admin user when they were imported onto Ci Anywhere from TOTAL.

As highlighted at 4.2.2 above, the testing of requisition approvals also looked at the segregation of duties for these requisitions with no issues identified.

4.5.3 **Risk: Supplier data inappropriately amended.**

Similar to the above, the ability to modify creditor standing data (accounts payable account (details) and accounts payable bank account) is set within the permissions for each role.

Those with Finance permissions can change the standing data, although the SFAO advised that they would still generally complete a form to get the changes approved.

The creditor account screens on Ci Anywhere include 'audit details' that show when the account was last amended and the user that undertook the change. By clicking through to the audit details, it shows what the changes were.

No reports were available on the system at the time of the review that showed changes to supplier details. A trawl of creditor accounts was, therefore, undertaken (review of the first 100 accounts) to identify accounts that had undergone relevant changes (address or bank account changes only – other amendments, such as changes from orders being posted to emailed were not considered relevant).

Of the six accounts identified, supporting documentation was attached to the system in five cases. In the other case (which related to the bank account details being changed identified in the testing highlighted in 4.5.1 above), the amendment was queried with the person who had undertaken the change the Finance Administration Officer) and she was able to provide documentation that supported the change made.

4.6 **Other Risks**

4.6.1 **Risk: Loss of IT / access to the Ci Anywhere finance management system.**

The PAS advised that the system is a SAAS solution based in the cloud, so it is not under the remit of ICT Services for back up etc. with the server being held on Microsoft Azure and the solution being managed by Technology One (the company that owns Ci Anywhere).

4.6.2 **Risk: Inappropriate access to Ci Anywhere.**

As highlighted above, managers have to complete an access request form (which is available on the intranet) in order for staff to be given access to Ci Anywhere , although existing users of TOTAL had an equivalent access level granted without further authorisation being required.

The access levels are decided by the manager when they are requesting access, although the PAS suggested that they may query them if there are insufficient numbers of users with certain access levels within the department.

The (Accountancy) Systems Officer advised that access reviews are undertaken every six months, with users who have not accessed the system in that period having their account deactivated.

4.6.3 **Risk: Failure of BACS system leading to payments not being made to creditors.**

The SFAO advised that all cheque stocks had been destroyed.

In the event of a failure of BACS, the SFAO suggested that purchasing cards could be used (which may require amendments to card and transaction limits).

5 **Summary and Conclusions**

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

- Risk 4 – Incorrect payments are made (e.g. payments for the wrong amount / duplicate payments / goods not received etc.)
- Risk 5 - Discounts for prompt payment are not received / penalties for delayed payments are incurred.
- Risk 10 - Recovery action taken and / or loss of access to goods and services due to payments not being made in a timely manner.
- Risk 11 - Payments against valid creditor invoices are misappropriated.

5.2 A further 'issue' was also identified where an advisory note has been reported (see 4.2.5). In this instance, no formal recommendation is thought to be warranted, as there is no risk if the action is not taken.

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

5.4 The assurance bands are shown below:

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

6 **Management Action**

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

- 6.2 Whilst section 5.1 highlights that there was a weakness against Risk 4, there is no related recommendation due to the ongoing attempts to rectify the situation.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Payment of Creditors – March 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.5 / 4.4.2	Financial Risks - Discounts for prompt payment are not received / penalties for delayed payments are incurred. Reputational Risks - Recovery action taken and / or loss of access to goods and services due to payments not being made in a timely manner.	Staff should be reminded of the need to raise requisitions in a timely manner.	Low	Senior Finance Admin Officer	These issues can be covered by an annual e-mail to all users to remind them of the information. This email can also be used to target some of the common queries that we get from users.	30 April 2023
4.5.1	Fraud Risks – Payments against valid creditor invoices are misappropriated.	Staff should be reminded of the need to check bank account details recorded on the invoice against the standing data before a payment is made.	Medium			

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

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

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager

SUBJECT: Recruitment and Selection, Terms and Conditions

TO: Head of People and Communications

DATE: 31 March 2023

C.C. Chief Executive
Head of Finance
HR and Payroll Manager
Portfolio Holder (Cllr Tracey)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Ian Davy, Principal Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 As highlighted in recent reports to Members, it is acknowledged that the Council is facing recruitment and retention challenges with high levels of staff turnover followed by difficulties in attracting applicants to fill the vacancies. However, this issue isn't unique to the Council, with the sector as a whole facing the same problems.
- 2.2 Whilst there is an ongoing project to consider 'Recruitment, Retention and Remuneration', this audit was undertaken to ensure that the processes in place at the Council with regards to this topic are appropriate and are not, therefore, further impacting the Council's ability to recruit to vacant roles.
- 2.3 Whilst the system in place for processing the recruitment exercises has changed, the processes in place to support this are largely unchanged, with HR staff performing the majority of roles either side of the shortlisting and interviewing stages that are undertaken by the relevant recruiting managers.

3 Objectives of the Audit and Coverage of Risks

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

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

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

1. Costs arising from ineffective recruitment e.g. need to re-advertise and repeat process. / Failed or inappropriate appointments impact on service performance.
2. Increased agency staffing costs due to inability to recruit and retain staff on the Council's current terms and conditions.
3. Roles are appointed to for which no budget exists.
4. Breach of employment and Equality and Diversity legislation in recruitment.
5. Legal challenge to decisions on recruitment and changes to terms and conditions.
6. Appointments based on fraudulent representation of qualifications / experience based on false certificates, references, etc.
7. History of criminal convictions suppressed by applicant. / Appointment of inappropriate candidate poses safety risk to colleagues or vulnerable customers.
8. Staff in the 'at risk' category are matched with and placed into inappropriate roles.
9. Ineffective use is made of the I-Trent system in the recruitment and selection processes.

3.3 These were identified during discussion between the Principal Internal Auditor, the HR and Payroll Manager (HPM) and the Learning and Development Officer (LDO). The 'increased agency staffing costs' risk is also reflected in the departmental risk register.

3.4 The work in this area underpins the internal People strand of the Council's Business Strategy which has links to the specific People Strategy.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 This section is not applicable as there were no recommendations raised as part of the last audit of the subject, undertaken in February 2020.

4.2 Financial Risks and Reputational Risks

4.2.1 **Potential Risk: Costs arising from ineffective recruitment e.g. need to re-advertise and repeat process. / Failed or inappropriate appointments impact on service performance.**

A Recruitment and Selection Policy is in place which sets out the overall process although this is known to be out of date (dated September 2019). However, the general principles still apply.

There is also a Vacancy Proforma document which guides managers through the relevant stages that need to be undertaken. This is up to date, having been refreshed in December 2022.

Other stages of the process are covered in the VARF (Vacancy Authorisation to Recruit Form) and the ERF (Establishment Request Form).

Testing was undertaken on a sample of recent recruitments to ensure that the processes had been followed correctly, with evidence being retained of adverts, shortlisting, interviewing, and contract issuing etc. No issues were identified with these aspects of the testing.

The HAY guidance notes along with the templates in place for the job description and person specifications set out how to write the documents. The guidance notes section relating to the person specification clearly sets out that the criteria included should be justifiable.

The job descriptions and person specifications for the sample referred to above were reviewed to ensure that any essential criteria included were actually essential, in order to ensure that the potential applicant pool was not being unnecessarily being reduced.

Correspondence with the recruiting managers suggested that a few of the criteria could have been desirable rather than essential but, on the whole, they were considered (by them) to be essential. In some cases, however, an appointment will be made where the candidate did not meet all of the criteria.

One manager highlighted that:

'If a candidate meets the majority of the essential criteria and there is one that they fall down on, that shouldn't in my opinion be a reason to dismiss their application and reject them. Ultimately, most people apply for jobs a level up from where they are – this inevitably means that people often won't tick all of the boxes'.

Whilst this is acknowledged, there may be some people who are interested in the roles that see the essential criteria as being skills or qualifications that they must have and are, therefore, put off from applying in the first place.

The HPM highlighted that there is a balance that needs to be struck as, if the job does not include certain essential criteria, it may be that the HAY evaluation (see below) would have graded the post lower, with the associated salary then being reduced which would affect the number and calibre of the applicants.

Recommendation

The Recruitment and Selection training provided should highlight that essential criteria should be reviewed to ensure they are commensurate with the role in order to ensure that the pool of potential applicants is not unnecessarily reduced. This should also reference the HAY guidance in place and link to the HAY representatives.

In terms of checking whether the candidates met the essential criteria, these were generally undertaken through the review of applications and through the interviews.

The HPM advised that it is the recruiting manager's responsibility to review why posts have not been filled. She highlighted that managers should contact HR Support to see if there are other options that could be explored in relation to advertising etc. with the HR Business Partners also available to discuss whether anything else could be done.

In response to questions on other tests performed (e.g. use of agency staffing at 4.2.2 below) and in other recent audits (e.g. Homelessness and Housing Advice), the main issues in relation to inability to recruit were generally around pay levels, along with specific issues such as working locations / hours (e.g. shift work in a specific location). The national and local employment figures (i.e. generally low levels of unemployment) were also highlighted as issues that are affecting the Council's ability to recruit.

The LDO advised that information on vacancies had been reported to the Senior Leadership Team (SLT) as at the end of October. The spreadsheet provided to them included commentary on whether the post was undergoing active recruitment, was covered by agency or was at 'another stage', with the report highlighting nine posts where recruitment had been attempted but had not been completed.

Whilst the raw data had been obtained from the system, the report had been manually updated to include some of the other details as the vacancy report run does not highlight if a position is being covered by agency staff.

The LDO highlighted that HR staff were still going through a learning process with regards to the reporting from the I-Trent system, having to initially prioritise specific reports and now had to learn how to set the report parameters to enable meaningful reporting from the system.

Another report that the HPM suggested could be run from the system relates to the information given by the applicants as to how they heard about the post (where specified). If this is run, it would enable HR staff and managers to assess the 'engagement rates' of the different methods of communication.

Recommendation

The report regarding the 'how did you hear about this post' question should be run on a regular basis to assess the engagement rates of the different methods of communication used.

4.2.2 Potential Risk: Increased agency staffing costs due to inability to recruit and retain staff on the Council's current terms and conditions.

A review of expenditure against the agency staff nominal code on Ci Anywhere was undertaken to identify the use of agency staff and, where possible, names of individuals and the posts held were identified from the extract.

Queries were raised with the relevant recruiting managers to ascertain whether the agency staff had been used to fill a short-term vacancy or whether their use

was as a result of an inability to recruit to a vacancy and, if so, whether the reasons for this had been established and acted upon.

Five different managers were spoken to and, where agency usage was as a result of an inability to recruit (four of the five cases), the managers all highlighted that pay was the main reason identified.

Additionally, the extract was reviewed to ascertain whether the staff had been employed via the correct route (i.e. via Comensura), with the extract filtered to identify where payments against the code had not been made to Comensura.

This only identified a few instances where the correct process had not been followed, with the main issue being where Comensura had been used for the appointment, but the individual agency had bypassed the proper billing route and had submitted invoices directly to the Council. However, the HR Business Partner was aware of the case and the issue had been highlighted to the Manager and was also raised at Managers Forum, so no further action was required.

The HPM highlighted that exit interviews will always be offered to staff leaving the Council. However, it is up to the individual as to whether they want to have the interview or not.

The standard 'questionnaire' asks specific questions in relation to whether the duties are accurately reflected in the job description and whether there are any aspects of working for the Council and the specific service area that could be improved.

If the reason for leaving is something that can be addressed, permission will be sought from the leaver so that the information can be passed on to relevant managers and, if a theme emerges, it may also be escalated to the Transformation Steering Group.

4.2.3 Potential Risk: Roles are appointed to for which no budget exists.

The standard VARF and ERF documents include sections that Finance have to complete to confirm the costs associated with the post and confirmation that sufficient budget is available.

The sample of recruitments referred to above was tested to ensure that a VARF or ERF was in place that had been signed off by Finance staff. No issues were identified, with all documents being completed as appropriate.

4.3 Legal and Regulatory Risks

4.3.1 Potential Risk: Breach of employment and Equality and Diversity legislation in recruitment.

As highlighted above, there is a Recruitment and Selection Policy in place which makes reference to the fact that 'It is the responsibility of all employees involved in recruitment and selection to ensure that statutory obligations placed

on the Council by legislation are strictly adhered to'. However, it is known to be out of date in terms of the actual processes being undertaken at the Council.

Recommendation

The Recruitment and Selection Policy should be updated to reflect current (agreed) processes.

Staff involved in interviewing candidates should undergo Recruitment and Selection training prior to being included on the panel with refresher training being undertaken every three years to ensure that they are aware of any changes to legislation and Council processes. The detail of what is included is discussed by the LDO with the trainer to ensure that the content remains appropriate.

The LDO advised that, due to the working conditions during the COVID pandemic, not many courses have been held recently so there has been some relaxation in the three-year requirement.

The LDO also highlighted that the HR Support Team will generally check who is included on the interview panel when the vacancy form is received as will inform her if none of the panel is trained.

The sample of recruitment exercises used for the previous tests was reviewed to ensure that the staff involved in the interviews had received training as appropriate.

Of the 22 staff involved in the interview panels, fourteen had received training within three years of the appointment and five had received training prior to this. Of the three staff who had not received training, one was already on the waiting list.

Where training had lapsed, the LDO added the staff to the waiting list during the testing. It should be noted that, for each appointment, there was at least one officer who had received training within the required period.

The HPM advised that 'blind applications' have been considered but they make the administration of the recruitment process hard and, whilst I-Trent can be used for processing them, the system is not really smart enough.

However, the applications ask for as little identifying information as possible (e.g. no date of birth, dates of qualifications etc.) with any sensitive information provided being saved separately and not provided to the staff involved in the shortlisting and interviews.

4.3.2 Potential Risk: Legal challenge to decisions on recruitment and changes to terms and conditions.

The Recruitment and Selection Policy highlights that staff involved in the shortlisting and interviewing of staff should complete relevant scoring documentation which should be forwarded to HR when completed.

The sample used for previous tests was checked to ensure that this documentation had been provided to HR as appropriate. However, shortlisting scoring had only been provided to HR in three of the ten sampled cases and interview scoring in five of the ten cases.

Recommendation

The Recruitment and Selection training provided should highlight that the shortlisting and interview scoring should be provided to HR for retention in the case of challenges being received.

A Joint Negotiation, Consultation and Communication Agreement is in place which is subject to an amendment that was approved by Employment Committee on 14 March 2023.

Where significant changes are proposed to terms and conditions and relevant policies, reports are prepared for Employment Committee and these highlight that consultation with Unison has been undertaken.

The HPM advised that HAY panels are used for evaluating new posts and changes to existing posts. She confirmed that the process operates as set out in the process flowchart (as held on the HR Handbook intranet page), highlighting that the panel involves all available members including (but not limited to) the HR Business Partner for the service area, the HAY representative for the service area, the Head of People and Communication who facilitates the panel meetings, and at least one other panel member to make the meeting quorate.

Each available panel member will assess the post according to the standard HAY scoring criteria. The individual results are then shared in a single spreadsheet that forms the starting point for the panel so that any differences between each panel member's assessment can be discussed and an agreement reached on the score for the post.

Once agreement is reached, the information will be passed to the HR Support Team for them to inform the relevant manager and any existing post holders. The sample chosen for the other aspects of the testing did not include any that had recently been presented to HAY. However, one of the posts was subsequently presented to HAY and the evaluation spreadsheet was provided to confirm that the process had operated accordingly.

4.4 Fraud Risks and Health and Safety Risks

4.4.1 Potential Risk: Appointments based on fraudulent representation of qualifications / experience based on false certificates, references, etc.

The testing on the sample of recruitments referred to previously also included reviews of the pre-employment checks, including evidence of the right to work in the country, obtaining of references and confirmation of qualifications claimed. This testing proved largely satisfactory although the checking of qualification statuses and certificates was not being undertaken. HR staff advised that this was the responsibility of the recruiting managers but they all assumed that HR would be performing this check.

Recommendation

The Recruitment and Selection training provided should highlight that the checking of qualifications is the responsibility of the recruiting managers.

4.4.2 Potential Risk: History of criminal convictions suppressed by applicant. / Appointment of inappropriate candidate poses safety risk to colleagues or vulnerable customers.

The HPM advised that the VARF and ERF documents completed for each post require the recruiting manager to specify whether a DBS check (Disclosure and Barring Service) is required for the role and provide a link to the criteria check 'platform' on the GOV.uk website.

She highlighted that the HR Support Team will check to ensure that the DBS check specified is relevant when the VARF or ERF is received and advised that, because of the criteria for undertaking a DBS, the Council does very few at all.

The previous sample was reviewed to ascertain whether any of the posts had been subject to a DBS check and, in the relevant cases, that these had been completed as appropriate with no 'adverse findings' being noted on them. No issues were identified.

4.5 Other Risks

4.5.1 Potential Risk: Staff in the 'at risk' category are matched with and placed into inappropriate roles.

The HPM provided a copy of the 'redeployment pool' spreadsheet that includes those that are currently 'at risk' along with those that have been placed in a role or who have left the Council after not being matched to a post.

The 'at risk' category includes those that are at risk of redundancy due to restructuring or as a result of commercial decisions e.g. to stop a service, at the end of a fixed term contract (if in the post for two or more years), ill health redeployment, or apprentices at the end of their apprenticeship.

The Redundancy and Redeployment Policy sets out the criteria for staff to be placed in the At Risk pool and be matched to available jobs.

When a VARF or ERF is received, the job will be evaluated to ascertain whether it is suitable for matching and then, if so, is there anyone in the pool that could be matched to the role, taking into account the criteria in the policy.

Staff in the pool are free to apply for any roles that are advertised (irrespective of the role and grade) and, if they apply, they will complete a skills matrix and, if relevant, will be interviewed for the role. Emails are sent to the pool on a twice-weekly basis (subject to jobs being recruited to at the time) to advise them of the roles that are available.

Upon review of the redeployment pool spreadsheet provided by the HPM, it was noted that eight staff had entered the pool during 2022/23, with three of those still in their 'at risk' period who had not yet been matched into posts. Of the other five, one had not been matched to a post and had been made redundant.

The other four cases were discussed with the HPM and it was confirmed that they had either been matched into a role following the criteria as appropriate or had applied for a role outside of the matching process (as the role did not meet the grading criteria) and had been appointed following an interview.

4.5.2 Potential Risk: Ineffective use is made of the I-Trent system in the recruitment and selection processes.

The LDO advised that the training would be based on what was required by each officer, with staff being at different stages of the process. Herself and the HPM have been trained by staff at Warwickshire County Council (who host the I-Trent system) and this information is then passed down to the other HR staff, with the training provided being dependant on the stages of the recruitment processes that the staff were dealing with at the time.

The other testing undertaken confirmed that the majority of relevant processes had moved to I-Trent. Two specific processes that remained outside of the system were discussed with the HPM, i.e. the VARF / ERF process and the At Risk process.

The HPM confirmed that these had been considered but, due to the 'stage' that they occupied in the recruitment process, they could not be moved onto the system. However, she advised that she was looking at making the VARF / ERF forms electronic, through the new intranet.

Following the implementation of the new system, it was decided that HR would retain control of the recruitment module although, once all HR staff are confident in the use of the system, this will be reviewed.

Devolving the recruitment process can be done on an individual basis and a trial may be run, with the selection of who is involved in the trial being based on what roles are being recruited to at the time.

5 Summary and Conclusions

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

- Risk 1 – Costs arising from ineffective recruitment e.g. need to re-advertise and repeat process. / Failed or inappropriate appointments impact on service performance.
- Risk 4 – Breach of employment and Equality and Diversity legislation in recruitment.
- Risk 5 – Legal challenge to decisions on recruitment and changes to terms and conditions.
- Risk 6 – Appointments based on fraudulent representation of qualifications / experience based on false certificates, references, etc.

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

5.3 The assurance bands are shown below:

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

6 Management Action

6.1 The 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 Recruitment and Selection, Terms and Conditions – March 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial Risks and Reputational Risks – Costs arising from ineffective recruitment e.g. need to re-advertise and repeat process. / Failed or inappropriate appointments impact on service performance.	The Recruitment and Selection training provided should highlight that essential criteria should be reviewed to ensure they are commensurate with the role in order to ensure that the pool of potential applicants is not unnecessarily reduced. This should also reference the HAY guidance in place and link to the HAY representatives.	Low	Learning and Development Officer	Training provider to be advised to update material accordingly.	30 June 2023
4.2.1	Financial Risks and Reputational Risks – Costs arising from ineffective recruitment e.g. need to re-advertise and repeat process. / Failed or inappropriate appointments impact on service performance.	The report regarding the 'how did you hear about this post' question should be run on a regular basis to assess the engagement rates of the different methods of communication used.	Low	Learning and Development Officer	Report completed. Quarterly analysis scheduled to review and action accordingly.	July 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.1	Legal and Regulatory Risks – Breach of employment and Equality and Diversity legislation in recruitment.	The Recruitment and Selection Policy should be updated to reflect current (agreed) processes.	Low	HR and Payroll Manager	This will be reviewed and updated as part of the Retention, Recruitment & Remuneration workstream under the People Strategy.	September 2023
4.3.2	Legal and Regulatory Risks – Legal challenge to decisions on recruitment and changes to terms and conditions.	The Recruitment and Selection training provided should highlight that the shortlisting and interview scoring should be provided to HR for retention in the case of challenges being received.	Low	Learning and Development Officer	Training provider to be advised to update material accordingly.	30 June 2023
4.4.1	Fraud Risks and Health and Safety Risks – Appointments based on fraudulent representation of qualifications / experience based on false certificates, references, etc.	The Recruitment and Selection training provided should highlight that the checking of qualifications is the responsibility of the recruiting managers.	Low	Learning and Development Officer	Training provider to be advised to update material accordingly.	30 June 2023

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

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

FROM: Audit and Risk Manager **SUBJECT:** Royal Spa Centre
TO: Head of Place, Arts and Economy **DATE:** 17 February 2023
C.C. Chief Executive
Head of Finance
Arts Manager
Programming & Marketing
Manager
Customer Services Manager
Technical & Facilities Manager
Portfolio Holder (Cllr Bartlett)

1 **Introduction**

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 **Background**

- 2.1 The Royal Spa Centre (RSC), the Council's main entertainment venue, opened in 1972. It comprises a main concert / exhibition hall and a cinema / small theatre. Other parts of the building are also available for hire.
- 2.2 The RSC provides a wide range of events covering the whole entertainment spectrum including concerts, pantomime and productions by local amateur musical organisations.

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

- 3.1 A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussion between the Internal Auditor and key departmental staff and upon review of the Significant Business Risk Register and the relevant Departmental Risk Register.
- 3.2 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.

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

1. Misappropriation of income.
2. Inappropriate procurement practices.
3. The venue operates within the terms of its Premises Licence.
4. The choice and content of performances, screenings and events has potential to cause offence to the public.
5. The venue presents a range of high-profile community events.
6. Processing of large 'settlement' payments to promoters and hirers
7. Violence against staff.
8. Accidents in the workplace including staff, customers and visiting companies.
9. Building access and security.
10. Business continuity and resilience.

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

The provision of entertainment helps to make the district a great place to live, work, and visit.

4 Findings

4.1 Recommendations from Previous Reports

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

Recommendation		Management Response	Current Status
1	Invoices for the hiring of the Royal Spa Centre should be raised in advance of the booking wherever possible. Where this cannot be achieved, a deposit should be requested.	The recommendation is already the existing policy, which requires enforcement. Tasks will be added to the system so that the invoicing / deposit deadlines are adhered to.	Invoices are rarely issued in advance. This is often due to the type of hire. Rather than them pay for the hire in advance, invoicing is completed once everything is calculated as in most cases the Council pays the hirer. The post of Events Coordinator has been filled which means that invoicing should be improved.

Recommendation		Management Response	Current Status
2	Staff should be reminded to ensure that visitors are asked to sign in on all occasions.	All staff will immediately be reminded of the procedure regarding building security and visitors.	The RSC signing-in book was checked on a number of occasions. All staff and visitors had signed in unless the visitors were using their own signing-in book (for larger groups) in these instances the visitors' signing-in book was located beside the RSC one.

4.2 Financial Risks

4.2.1 Risk: Misappropriation of income.

Responsibilities for custody and administration of the procurement cards are defined. Staff members who hold procurement cards are aware of their spending limit. Staff interviewed confirmed that they keep their card in a safe place and try to arrange purchases around their availability thus reducing the need to rely on other staff to cover absence. If purchases need to be made in their absence, responsibility with other card holders is arranged before they take leave.

The spending limits are varied across the team members, in line with their level of responsibility and the frequency the card is used to purchase items.

The value and nature of purchases on the procurement card are reasonable. A sample of spending over the last six months, using cards held by RSC staff members was reviewed. The sample focused on five main card holders, all who have key roles at the RSC. As most of the staff work across all culture sites it is difficult to isolate spending associated with just one location. Payments made for other culture locations, such as the Art Gallery, were easy to identify and eliminate from the sample leaving the RSC and Town Hall payments in the sample.

The total spend identified across the six months was over £16k. When removing a few larger purchases for retail items, including an ice maker and large fridge, the majority of spending was carried out with Booker Limited. It was also noted that there were a number of purchases frequently made with Amazon.

The Council has a supplier account with Booker Limited so it may be more beneficial to purchase regular items through the supplier account. The Council also has an Amazon Business account which should be used. The spending with Amazon appears to be through personal accounts; however, this can create a risk of the card details accidentally being used for personal purchases. This was found to have happened in one case (now rectified).

Recommendation

To mitigate the risk of staff inadvertently using the Council procurement card for personal goods, Council business accounts should be used when purchasing items for business use.

The Customer Services Manager confirmed that stock counts are undertaken on a weekly basis. This information is then used to re-order stock ensuring only the required items are replenished.

Stock is delivered on a weekly basis. Either the Customer Services Manager or a Duty Manager are responsible for checking the stock when it arrives. The Supervisor then updates the system as appropriate with the delivery details.

Items identified as substandard are not accepted but returned to the supplier and the invoice updated. Where substandard stock is not identified at the time of the delivery, the sales representative is contacted to discuss it and a credit note is usually applied to the account. Where possible the item is re-added to the order for the following week's delivery.

In addition to the weekly stock counts a detailed stock check is completed once every three months. This allows 'use-by dates' and the condition of the stock to be checked rather than just the quantity.

When stocking shelves, dates on the perishables are checked and the oldest stock is brought to the front with new stock placed at the back. This ensures that stock is used in order and rotated frequently. Stocking up shelves normally happens once a week but can be daily at busier times due to the volume of sales.

Stock check sheets are dated and detail the various locations within RSC so the stock for each location can be recorded accurately. Recent stock check sheets were provided for the audit allowing the auditor, for a selection of items, to check the recorded status against the actual stock held.

Fees and charges are updated annually. The Arts Manager confirmed that usually a 3% uplift is applied to generate the annual increase to the fees and charges. The charges are based on actual cost and profit margin. This allows staff pay to be taken into account. Fees and charges are approved at Committee (Full Council). Charges proposed for 2023 were approved on the 23 November 2022.

Rates are published on the Council's website for each area or room available to hire. At the time of checking (November 2022), the prices on the website were correct and in line with those previously agreed at committee. The Arts Manager confirmed that prices on the website are updated annually when the new price comes in.

Income at the RSC is gained from bar takings, ticket sales and hire charges. The income is collected through tills for the bar takings and some of the ticket sales, or online for ticket sales through the website or paid directly to the Council's bank account when invoices are issued for hire costs.

There are two bars within the RSC - one upstairs and the main bar on the ground floor. The ground floor is also where the box office is located for ticket sales. These three locations have their own till allowing sales to be directly linked to that location. Receipts for purchases are provided to customers on request.

Hire charges vary depending on the type of hire. There are five ways the venue can obtain income through hiring at the RSC. This can be from a commercial show, from hiring with or without the box office, from an agency or from internal hire. These are described in greater detail below.

A commercial show is where the income from the box office is split between the promoter and the Council after the costs and charges have been removed from the income. The promoters are set up as a creditor on the finance system and the Council is invoiced once the final amount has been calculated.

Hirers can hire an area within the RSC and pay the hire fee. Where they are also using the box office to sell tickets, a 10% fee from the box office income will be paid to the Council. Often the income from the ticket sales covers the cost of hire so the invoice is not generated until after the event. For events where a company is not using the box office the hirer will be invoiced the relevant hire fee.

Some agencies use the box office to sell tickets for other venues; in such cases the Council receives a percentage of the ticket sales on a commission basis.

The fifth way of hiring is internally through the Council, this is recharged to the relevant service at a cost of 50% of the hire fee.

For the tills located within the RSC there are clear cashing-up procedures in place as well as the tills being reconciled and verified against the takings. Tills are reconciled at the end of each day with a mini-read completed if there is more than one show in the day to allow identification of income for each show.

The cashing-up manual sets out the float amount and the order to cash up in. It also provides copies of the banking sheets. The entire cashing-up process is described in clear detail. The process includes completing readings from the till and producing print-offs which are to be included in the banking bags.

There are a number of spreadsheets to help with the cashing-up and banking procedure. The spreadsheets remove some opportunity of human error by automatically completing some of the calculations.

The Customer Service Assistant completes the initial banking, removing the float first. The duty manager then checks the amounts and confirms that they reconcile with the expected amounts.

The till opening and cashing-up procedures were discussed on site with a duty manager. The process described matched the documented one and the forms shown to the auditor are consistent with those in the manual.

Banking bags are kept securely in a safe until collection; the safe is in a secure room and the keys (to both the room and safe) are held separately in key safe boxes. Only the duty managers have the code for the key safe boxes. The boxes are wall-mounted and kept locked at all times. A walk-through confirmed that the boxes were both locked and the keys were kept separately. Access to both boxes is required when accessing the safe as one box holds the key for the safe and the other a key to access the safe room.

The key safe boxes are kept in a secure room which only the duty managers have the access code for. There is a key log sheet for when keys are removed and returned to the boxes but it is used infrequently (the last key log entry was in September 2022). The only risk of not signing keys in and out is that their location may be unknown; for example, if someone were to be called away to another area in the building and didn't return the keys. However, as only the duty managers have access to the keys, it would be expected that if the keys weren't in the box the duty manager on shift would have them. The key safe is also where the duty manager keys are located. These are collected at the start of a shift and returned at the end. There are other security systems in place, including CCTV and door locks with code entry systems.

4.2.1 Risk: Inappropriate procurement practices.

A spending review was completed for high value purchases to ensure the total spend with the supplier was under the recommended £5000 threshold where there was no contract in place and was within the contract spend where there was one. Spend over £5000 should be listed on the contract register to be compliant with the Local Government Transparency Act.

There was one concern noted in the spending for a contract in which the total amount was very close to the maximum contract spend and there is less than six months left on the contract. This was discussed with the Procurement team and the Arts Manager who are aware and are working together to arrange a variation to the contract.

The finance system monitors spending against contract so any purchase requests against the contract which take it past the limit will not be actioned unless the Procurement team authorise it.

Although the finance system monitors spending against contracts it is advisable that contract managers review the spend against their contracts on a regular basis to ensure they don't go over budget. Where it is anticipated that they may go over the contract limit they can contact the Procurement team who can advise on the appropriate next steps.

4.3 Legal and Regulatory Risks

4.3.1 Risk: The venue operates within the terms of its Premises Licence.

There is a premises licence in place for the RSC. The licence details the activities that can be held at the venue and permits the sale of alcohol for consumption on site. The licence is valid from Monday to Sunday from 8:00 a.m. until 2:00 a.m.

The licence covers activities including live music, dance and various film permissions.

The Customer Services Manager affirmed that all duty managers are aware of the licensing terms and conditions. Customer Service Advisors are told the terms and conditions on their induction but focus is on refusal of sale and disorderly behaviour as this is the area that impacts them the most.

The licencing portal on the Council's website shows the current premises licence with the terms. The portal can be accessed by members of the public.

The contracts for hirers and professionals include terms and conditions which provide further information regarding the responsibilities of the hirer and RSC management, including the provision of the licence. The blank hire documents provided for the audit provide the contact as the previous Head of Culture. This is due to be updated with the correct details in line with the new structure.

4.4 **Reputational Risks**

4.4.1 **Risk: The choice and content of performances, screenings and events has potential to cause offence to the public.**

The RSC Programming Policy and Procedure document sets out acceptable content for performances, screenings and events at the RSC. The policy explains that content should avoid causing unnecessary controversy or offence. The Arts Manager explained that there are few events or productions that would be refused, as long as they are expected to be profitable. However, as a publicly funded venue, the Royal Spa Centre has a responsibility to remain neutral and ensure that no section of the local community would be offended by an event. This potentially includes politics, race, religion or sexualised issues. This is sometimes a difficult judgement, as many events (comedians in particular) intend to challenge views and provoke debate around those subjects.

There are no specified restrictions within the policy just a reminder to consider the reputation of the Council when taking bookings.

The Programming Policy and Procedure document is in line with the premises licence which sets out the activities permitted at the venue and the terms for the films detailing any restrictions in place.

4.4.2 **Risk: The venue presents a range of high-profile community events.**

The premises licence and the Programming Policy set out the permitted activities and ensure the staff consider the Council's reputation when taking bookings. These steps and resulting procedures help to protect the Council's reputation. There is also a Culture Customer Care Charter in place. With the aim to provide excellent customer care, the team hopes to increase participation and attendance, gain a reputation for excellence, and create best value for money.

Setting out the benefits and consequences of excellent vs poor customer service the Customer Care Charter also details the complaints procedure, which is in line with the formal Council complaints procedure.

For the benefit of the staff member, the Charter goes through the stages of complaint, guiding them through the process with suggestions on how to prevent complaints being made and how to support the customer's needs. The guidance also covers extreme cases such as when the customer is aggressive or violent.

The procedure for customer complaints is designed to manage the complaint and prevent it from escalating further. The document lists the Head of Culture as a point of contact within the later stages of the process. Recent restructures mean this is no longer a Council role. The customer care charter is under review to bring it in line with the changes. Once completed, it will be re-issued to Culture staff showing the current contacts and any other updates that may be needed.

4.5 Fraud Risk

4.5.1 Risk: Processing of large 'settlement' payments to promoters and hirers.

The processes in place for hirers was discussed with the Programming and Marketing Manager. The way hirers and promoters pay the Council depends on the services required. In many cases the Council pays them. All income for ticket sales is collected by the Council, the hirer or promoter is then paid their percentage of the sales fees after other costs have been removed. These costs include items like the hire fees and costs. In these cases the hirer or promoter will be set up as a creditor on the finance system. When the space is hired and tickets are not being sold the hirer or promoter will be set up on the payment system as a debtor and invoiced for the hire.

Payments are made digitally using the Council's finance system, meaning the team do not handle large amounts of cash. The Council have not accepted cash payments for a number of years so all hirers and promoters must pay the invoice through their bank account.

When setting up a new debtor / creditor (depending on the income generated and service hired) the details input must be authorised by an additional appropriate person. When an invoice is generated, it is processed by the Payments team. When a debtor pays an invoice, it is received directly into the Council's bank account. This payment is then identified by an accountant in Finance who applies the income onto the appropriate code.

4.5 Health and Safety Risks

4.5.1 Risk: Violence against staff.

All Council staff receive mandatory training at the start of their employment. This includes lone working and conflict management. In addition to this, on-site emergency procedures training is completed on a regular basis.

The risk assessment in place details potential risks from aggressive and violent incidents and violence to staff. The training given to staff helps to manage these

risks. There are processes in place which help to protect staff when faced with violent or aggressive customers.

When not open to the public the building is locked; access can be gained by using a bell to alert staff of an individual's presence. The staff member can verify who the individual is before unlocking the door and allowing them in. There is CCTV at this location which records the area clearly showing the person wishing to gain access. There are posters in place informing the public of the use of CCTV in and around the building as per surveillance requirements.

Inside the building, staff areas such as break rooms, offices and backstage can only be accessed by authorised persons. Access to these spaces are locked using keypad entry systems. Codes to these vary, restricting staff entering areas they are not permitted to enter. The codes are changed on a regular basis.

4.5.2 **Risk: Accidents in the workplace including staff, customers and visiting companies.**

Risk registers are undergoing a change where they are being merged with the service area plans. This allows the risks to directly link to the objectives of the service. The risk register in place for the service was reviewed. The current risk register in place was last reviewed on 7 November 2022. Management have identified a number of risks associated with the hiring of the building. These include failure to achieve budget targets, staffing issues, technical failure, financial loss, fraud and a number of other relevant risks. There are also risks identified that could impact the health and safety of staff, customers and visiting companies. These risks have been explored further with the additional of risk assessments that are available on Assessnet (staff risk assessment software). This includes generic risks specifically found at RSC such as lift use, disorderly behaviour and adverse weather.

A weekly task sheet is used which includes sanitising areas and touch points, fire alarm checks, fridge cleans, legionella tests, lift checks and bin emptying and cleaning. These tasks not only help keep the buildings clean but also provide an opportunity to ensure the building is safe and hazards are identified and removed (where possible) in order to prevent accidents. Once each task is completed it is signed off with the initials of the staff member who has completed the task and the date it has been completed. A number of task sheets were available to view as part of the audit and the auditor was able to confirm that the tasks had been signed off appropriately. Where any issues had been identified appropriate action had been taken.

PAT testing is carried out by the Technical team at RSC rather than using the contractors. This ensures that electrical equipment is safe to use. This is completed on an annual basis. All electrical items tested are tagged with a barcode which allows the team to check the status and monitor as needed.

Water testing for legionella is carried out internally by the RSC tech team on a weekly basis. Logs are kept and saved to the shared drive. Samples of recent logs were shared with the auditor; the logs show what testing had been completed and the outcome.

Visiting companies are required to perform their own risk assessments for the event being held. This is submitted to the Technical and Facilities Manager who will highlight or raise any missing risks and concerns to ensure they are thorough. These risk assessments are held by the visiting company. In some cases where the risks may be a regular issue the assessment has been uploaded onto Assessnet. This is the case for more bespoke risks such as slosh making (during panto season), costume wearing (including heels) in the auditorium, and moving scenery.

There is appropriate insurance in place for the RSC. Details of the Council's insurance is available on the website and the staff intranet. The Insurance and Risk Officer within Finance is notified if there are changes or concerns raised at the premises and they are made aware of any incidents or near misses which could result in a claim.

4.5.3 **Risk: Building access and security.**

Site security is maintained, with doors being locked as appropriate and key-holding being limited to suitable staff. Key holders have access into the building through the stage door. Key holders include line managers and duty managers. Offices and staff only areas within the building can be accessed using keypad door locks, technical staff have the codes for backstage and technical areas and FOH staff or duty managers have the codes for the bar areas and relevant offices.

Duty manager key sets are kept in a key safe in the duty manager's office. The keys for the cellar room and safe are held in additional key safe boxes. The access codes for the key safe boxes are provided to a limited number of staff members. Duty manager key sets are kept by the duty manager for the whole of their shift and returned to the key safe when they finish. The safe and cellar keys are only removed for use and returned immediately.

A walk around the site confirmed that staff areas and backstage could only be accessed using the keypad door locks. There were staff around to greet and advise customers if they appeared lost. Some areas were roped off to customers and staff member was in place to stop the general public from bypassing or moving the rope. When the building was not open to the public it was observed how staff member and hirers were able to enter and exit the building using a separate door and ringing the bell to gain entry.

The fire doors are chained closed when the building is closed and un-staffed. The staff on rota due to start first and open up is responsible for unlocking and removing the chains so the fire escapes can be used in an emergency. The chains are stored in a secure location once removed and returned to the doors when the building is locked up at the end of the day when the staff leave.

Appropriate signing-in sheets are maintained so that staff are aware of who is in the building in case of emergency. There are signing-in forms within the secure areas, allowing visitors (hirers) to sign in and input their car registration number if they have parked in the "circle" outside of the RSC. Hirers can provide their own signing-in documents/logs if required – especially for large company hires

but must also use the RSC one if they have parked in the circle to prevent them from receiving a parking ticket.

There is a staff sign-in board which is a simple system of names and sliders to identify whether the member is "in" or "out" of the building. Staff not on the boards use the signing-in book.

There are radios provided, one at the signing-in desk and others which are carried by staff. This allows the technical and front-of-house team to communicate with each other and to let each other know when they are in the building.

A review of the signing-in book and boards was carried out on site on three random occasions. On all occasions the staff marked as in the building were in and visitors / hirers had signed in appropriately.

A number of inventories are maintained for desirable / portable / valuable equipment is maintained. This includes cable, tools, laptops, cameras, screens and other equipment. A main inventory for equipment also lists the condition and (when known) the date of purchase and costs.

Equipment which is PAT-tested is logged onto the PAT testing software. All electrical equipment is tested on an annual basis, usually during the August shut down or January. The test logs also double-up as an asset register.

A formal risk register is in place relating to the provision of services at the establishment and this is regularly reviewed by management.

4.6 Other Risks

4.6.1 Risk: Business continuity and resilience.

There is a business continuity plan in place. The plan was last updated in April 2021. With the proposed merger it was expected that a new merged plan would have been developed. Since the breakdown of the merger the Council has undergone a restructure leaving Culture under a different service manager. The Arts Manager is currently working on updating a number of documents to bring them in line with the new structure; the business continuity plan is included in those documents.

The plans in place are mostly still relevant for the RSC and list staff responsible for the various actions. The main changes are that there is no longer a Head of Cultural Services, as this service area no longer exists, so the responsibilities of that post should be carried out by the Head of Place, Art and Economy.

The plan highlights the need to ensure that sufficient and relevant employees are available to staff the RSC to allow shows and events to go ahead. It provides details as to why cancelling shows or closing the building should be a last resort (because of financial implications), providing alternative procedures to follow where possible.

The plan has been circulated with the relevant staff members who are aware of their responsibilities. This was checked by enquiring with a selection of the staff members identified in the document.

5 **Summary and Conclusions**

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

Risk 1 - Misappropriation of income.

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

5.3 The assurance bands are shown below:

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

6 **Management Action**

6.1 The 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 Royal Spa Centre – February 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Misappropriation of income.	To mitigate the risk of staff inadvertently using the Council procurement card for personal goods, Council business accounts should be used when purchasing items for business use.	Low	Arts Manager	All staff with corporate purchase cards have been asked to check that their card is not linked to their personal online accounts.	Completed.

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

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

FROM: Audit and Risk Manager **SUBJECT:** Town Hall Lettings
TO: Head of Place, Arts and Economy **DATE:** 7 March 2023
C.C. Chief Executive
Head of Finance
Arts Manager
Programming & Marketing
Manager
Customer Services Manager
Technical & Facilities Manager
Portfolio Holder (Cllr Bartlett)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 There are a number of rooms at the Town Hall that are available to hire when they are not being used for Council business within the confines of appropriate use and compliance with the Town Hall's premises licence.
- 2.2 Some hirings are one-offs while others are of a long-standing nature and take place regularly through the year. There are also some permanent tenants, including the University of Warwick, who have leases for parts of the building.

3 Objectives of the Audit and Coverage of Risks

- 3.1 A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussion between the Internal Auditor and key departmental staff and upon review of the Significant Business Risk Register and the relevant Departmental Risk Register.
- 3.2 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.

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

1. Income receivable from lettings is not collected.
2. The Town Hall hosts many public meetings which are part of WDCs democratic processes.
3. The venue operates under the terms of its Premises Licence.
4. The venue is hired by a group considered 'undesirable'.
5. Operation of a prominent public building with an association with local government.
6. Building security and risk assessment.
7. Facilities are misused.

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

The provision of community spaces and events helps make the district a great place to live, work, and visit, whilst the income received for lettings helps to minimise the cost of running the building which impacts the money theme within Fit for the Future.

4 Findings

4.1 Recommendations from Previous Reports

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

Recommendation		Management Response	Current Status
1	All relevant documentation should be retained on the Artifax system.	Our existing procedures dictate that all correspondence and documents should be stored on the system for future reference. This procedure shall be better enforced. All correspondence emails are stored in the shared Spa Hirings email folder (and then archived appropriately.) Any relevant emails and documents are saved to Artifax.	Documents are not routinely uploaded to Artifax. Only one hire since April 2022 had documents uploaded. These were not complete, however, and had been uploaded after the booking had passed.

Recommendation		Management Response	Current Status
2	The surcharge for using the Council's insurance should be added in all instances where hirers do not produce their insurance documentation as requested.	This is our existing policy and it will be better enforced. The insurance charge shall be added to all hires in the first instance and only removed if proof of insurance is provided.	The insurance charge can only be used by a small number of customers so cannot be applied to all hire charges. Hirers should be providing proof of insurance before the booking can be confirmed.
3	Regular hirers should be asked to provide updated insurance details on the expiry of their current policy as opposed to when new bookings are made.	This is our existing policy and it will be better enforced.	Insurance documents are not being obtained from regular hirers.
4	A standard process should be adopted for the retention of insurance documents.	The insurance documents shall be stored on the customer's record on Artifax and tracked via the existing booking procedure.	Documents are frequently not being collected; therefore they are not retained.
5	Risk assessments should be requested for any events that do not fall into the 'meeting' category.	Risk Assessments shall be added to the initial meeting agenda and tracked via the existing booking procedure.	No risk assessment documents have been obtained in the sample of bookings taken since April 2022.

4.2 Financial Risks

4.2.1 Risk: Income receivable from lettings is not collected.

The hire costs for the Town Hall are updated annually and approved at committee as part of the fees and charges review. The most recent changes were approved on the 23 November 2022 with the charges coming into effect on the 1 January 2023.

The increase each year is around 3% although the actual uplift is based on actual costs with a profit margin applied, so the figure may vary depending on increases in costs (e.g. staff pay). Reduced fees are offered to some hirers and applied only if the hirer meets the appropriate criteria. The reduced fees are generally only given to internal council bookings, charities and community groups.

The hire costs are clearly published on the Council's website with details for the charges for the different rooms and the reduced amounts where discounts are applicable.

All invoices issued for Town Hall hires and lettings between 8 June and 17 November were reviewed. The invoices for room hire were all for the costs advertised with discounts applied where appropriate. In all cases for room hire invoices were paid within 14 days of them being issued. The position with regard to invoices for lettings was different with many frequently paid late.

Some invoices were issued before the hire date (up to 5 days before) and in other cases invoices were issued after the hire date (up to 69 days after the hire date). The hire terms state that payment must be received seven days before the hire period. In the sample of hire invoices over the six months selected only two were issued before the hire date; none was issued early enough for the terms to be met.

The Programming and Marketing Manager explained that invoices are generally not issued in advance as the hire requirements can change; there isn't the resources available to re-issue invoices when this happens. As documents and signed agreements are not collected there is nothing to stop a hirer from using the facilities and not paying for them or disputing the invoice afterwards. No evidence was found to show that deposits are taken prior to a booking. The Arts Manager confirmed that the recently-established role of Events Coordinator should mean that the resource will be available to issue invoices in a timely manner.

Recommendation

Invoices should be raised in advance of the booking date.

There had been 29 external bookings logged in a six-month time frame. Only two of the bookings had documents attached, one was the document for the initial booking inquiry. The other had three documents uploaded which included the signed agreement. Neither had provided evidence of insurance. The signed agreement had been collected after the hire date had passed

The majority of the other bookings had been made by existing tenants; historically, documentation isn't collected from these as it is believed that the lease agreement covers the hire terms. The Senior Building Surveying Project Manager confirmed that the lease agreement does not include hire term for additional rooms and is only valid for the room or space specified on the lease along with permissions to use shared facilities such as kitchens and bathrooms and access rights to and from their hire space.

Recommendation

Signed hire agreements should be obtained and uploaded to the booking system before the hire date to ensure records are accurate and to confirm that the hirer has agreed to the terms.

As only one hire had booking documents uploaded, the invoices could not be checked against the majority of booking details to confirm the charges had been calculated correctly or that the correct person had been invoiced.

A sample of invoices for hires and rent was reviewed. The sample was retrieved from the finance system where the invoices had been logged under "Town Hall" income. There were 15 invoices in the sample, six of which had been paid on or before the payment due date published on the invoice. Four of the invoices had been paid late, one of which had been paid 242 days after it had been due. The rest of the sample were due to be paid within a few days at the time of the review. Where payments were overdue additional payment reminders had been issued and documented on the finance system.

The invoices issued detail the name of the hirer and the number of hours the room or space had been hired for. Only a couple included the date of the hire, where there were regular hirers, this made it difficult to distinguish which hire it was referring to.

Advisory

To link invoices to bookings it may be useful to include the hire date within the details on the invoice.

An internal recharge report was generated for the audit covering June to November 2022. This shows where bookings had been made by other Council departments. The recharges report details: hire costs, basic food and refreshments (e.g. coffee and biscuits), the point of contact and the cost code for recharge purposes.

When comparing the recharge document to the budgets on the finance system, the recharges since April 2022 could not be identified on the relevant cost codes. After a discussion with the Assistant Accountant it was confirmed that the recharges had been processed the day after the auditor had reviewed the finance system. The delay was due to a reorganisation of responsibilities in the accounting department and the assistant accountant only being allocated this role in December. An additional review was completed and the recharges were actioned appropriately on the finance system.

Committee meetings are not charged for use of the Town Hall unless they are informal non-scheduled meetings. If they rely on IT / tech support to manage staff to join the meeting remotely, there is a charge added to cover this. Where this charge had been added, the recharge had been applied appropriately.

4.3 Legal and Regulatory Risks

4.3.1 Risk: The Town Hall hosts many public meetings which are part of WDCs democratic processes.

There are no specific democratic processes in place for committee meetings held at the Town Hall. The Democratic Services team book a room or chamber when needed and specify the layout or facilities required. The layout depends on the number of people expected to be present in the room and that the cameras in place are able to film all of the speakers for live streaming and recording purposes.

At meetings where there are due to be public speakers, Democratic Services will check the Council's staff alert list. The staff alert list is a list of residents within the district where there is a risk associated with them, usually due to concerns of aggressive or violent behaviour. Where speakers are identified on the list staff are required to take extra precautions when dealing with or approaching the person. This could comprise working in pairs or, in some cases, involving the police.

If there are concerns or the Democratic Services Manager and Deputy Monitoring Officer has been made aware of public groups or gatherings expected outside of the Town Hall, the staff and Councillors are notified of the potential conflict. If democratic services anticipate a particularly contentious Council meeting or Planning meeting they can also request externally-provided security.

4.3.2 Risk: The venue operates under the terms of its Premises Licence.

There is a premises licence in place for the Town Hall. Published on the Council's licensing portal, the premises licence details the restrictions in place for the sale and consumption of alcohol, playing of live and recorded music and a range of other activities. The licence specifies the times and days that the various activities can be carried out.

The hire terms refer to the licence in place and the permitted activities but does not provide further details such as the specified times and days. Should they be required though, they are easily accessible and available to the public through the Council's website.

Staff who work at other culture properties such as the Royal Spa Centre are less aware of the details in the premises licence for the Town Hall. Duty managers who are due to work in the Town Hall are informed of any bookings and are briefed on the licence terms as required.

When a selection of staff was questioned about the licence, they were aware of one being in place but were unable to recall all of the permissions and times; they were, however, able to tell the auditor where they would find the licence if they needed the information.

4.4 Reputational Risks

4.4.1 Risk: The venue is hired by a group considered 'undesirable'.

The terms and conditions that accompany the hire agreement set out the expectations of both the hirer and the Council as the "resident management". However, there is no evidence that hirers are provided with this document so they may not be aware of any stipulations or requirements around the hire. The hire terms also require the hirer to provide a risk assessment for the event. The information in a risk assessment would help to determine the type of event planned and therefore the suitability of the event.

The programming policy and procedure document provides clear guidance for staff to follow when processing bookings, taking the staff member through the

various stages of taking in booking from “pencilling it in”, to sending the contract and processing invoices.

Part of the procedure document includes a section about considering the booking, asking the staff member to review whether the booking is suitable for the venue. It recommends that the staff research the company, check if the Council has dealt with them before, whether it is potentially controversial or liable to offend and a number of other steps which could reduce the risk to the council’s reputation. As a publicly-funded venue the Town Hall has a responsibility to remain neutral and to ensure that no section of the local community would be offended by an event.

4.5 Health and Safety Risks

4.5.1 Risk: Operation of a prominent public building with an association with local government.

All staff receive lone worker and conflict management training as part of the Council’s new starter training. Staff who work at the RSC, Town Hall and Pump Rooms also receive on-site training for emergency procedures.

Risk assessments are shared on Assessnet, which staff have access to. The risk assessments include ones for aggressive and violent incidents, and violence to staff along with appropriate measures to help mitigate the risks. There is also a documented process in place to help protect staff when faced with violent or aggressive customers or dangerous situations. The customer service manual for Arts staff includes guidance when managing situations with potentially difficult members of the public. The guide is designed to help defuse situations whilst reinforcing the role of the staff representing the Council.

In emergency situations there are documented procedures in place. As well as business continuity plans there are also procedures for public events held at the Town Hall. There are few external hires as many of the rooms are leased to permanent tenants. In these cases the tenant is responsible for their own area. Where the rooms are hired the hirers are briefed on the fire and evacuation procedures beforehand using fire evacuation cards that detail the escape plan, meeting points, details of alarms testing and other useful information. The Facilities Assistants lead on the coordination of the evacuation, acting as fire marshals, liaising with the emergency services and completing the roll call. The emergency procedures are shared with the Facilities Team who also receive regular training on them.

4.5.2 Risk: Building security and risk assessment.

There are two main points of access to the building including the front doors and the rear ‘staff’ entrance. The rear entrance has an electronic numeric key lock. The front doors are opened by the Facilities Assistant at the start of the day. The building tenants have keys and / or keypads for their rooms and lock / unlock the rooms themselves.

Although it is a public building, the main staircase is usually barriered off when the rooms aren’t in use. This is because the main footfall is on the ground floor,

to the toilets, Post Office and University Learning Grid. All other rooms are kept locked when not in use to prevent access.

For public events where alcohol will be served, the Town Hall staff hire security staff to for the main doors; this being a condition of the premises licence. If Democratic Services anticipate a particularly contentious Council meeting / Planning meeting they will also request external security. For public events where alcohol is being served security staff are hired to work the main doors as a condition of the premises licence.

The MP's office had its own specific risk assessment carried out by the Houses of Parliament security team; consequently the area occupied by the MP now has more robust security measures in place. The Town Hall staff introduced additional checks based on the outcome of this risk assessment.

The CCTV suite has its own entrance and security measures in place. The University Learning Grid has a member of security staff on duty whenever the Grid is open to students and they have their own access control system in place for their area. The Facilities staff work on the main reception desk in the entrance during opening hours. There are sign-in sheets for the tenants and meeting attendees. The main areas and routes around the buildings are fitted with CCTV.

The hire terms set out the responsibility of the hirer including the need to have insurance in place for statutory liability of at least £5m and requires them to produce a copy to complete the booking. Internal bookings (from other Council departments) are covered under the Council's liability insurance so a copy is not needed for these hires.

External hirers should confirm that they have the required insurance and provide a copy of the relevant document to be kept on file. Alternatively, some external hirers are able to pay a small fee in addition to the hire charge to be covered by the Council's insurance. This is available to only a small percentage of hirers who meet set conditions and is not available for existing businesses or charities.

Some hirers are existing tenants at the Town Hall. In these cases the above applies and they should be providing insurance documents so a copy can be saved on file. Instead of hirers having to provide insurance documents every time they make a new booking, a potential improvement in procedures would be to require regular hirers to provide insurance documents annually, noting the details of the expiry of their current policy.

There were no insurance documents obtained and saved on file for any of the hires at the Town Hall.

Recommendation

A copy of the insurance document should be obtained and saved with the booking information.

4.6 Other Risks

4.6.1 Risk: Facilities are misused.

There is a department risk register in place which was last reviewed and updated on 7 November 2022. Appropriate risks are included which help to keep staff and members of the public safe as well as potential risks which could impact the business. Risks include staffing gaps, acts of violence, threats against staff and the general public, financial loss, fraud, and other relevant risks.

Risk registers are undergoing a change by being merged with the service area plans and uploaded on to a shared system allowing staff to edit the document. This will help to ensure that the information captured is current, relevant and in line with the objectives set out in the service area plan.

Individual hirers do not provide risk assessments as assessments have already been completed for the hire of the rooms for meeting use. The hire terms set out the expectations of the hirer and the Council including risk assessment information and requirements. Hirers using the rooms for anything other than a meeting should provide a risk assessment.

There were no risk assessment documents uploaded onto the system for the hires across the six-month period reviewed in the sample. This means that it cannot be determined whether the risks have been understood by the hirers or whether they had provided copies of their own risk assessments which have not been uploaded.

Internal hires from other Council departments do not need to complete and sign a hire document. It is understood that, as these hires have access to Assessnet, they are able to review the risk assessments in place and follow the appropriate guidance.

Recommendation

Risk assessments should be completed and uploaded to Artifax where the hirer is not using the facility for a meeting.

5 Summary and Conclusions

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

Risk 1 - Income receivable from lettings is not collected.

Risk 6 - Building security and risk assessment.

Risk 7 - Facilities are misused.

In addition, there has been no action taken to address the five risks highlighted in the previous audit - please refer to section 4.1.1 for further details.

5.2 In overall terms, therefore, we must give a MODERATE degree of assurance that the systems and controls in place in respect of Town Hall Lettings are appropriate and are working effectively to help mitigate and control the identified risks.

5.3 The assurance bands are shown below:

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

6 **Management Action**

6.1 The 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 Town Hall Lettings – March 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Income receivable from lettings is not collected.	Invoices should be raised in advance of the booking date.	Low	Programming and Marketing Manager	Invoices will be raised a minimum of 14 days before the event. New post of Programme Coordinator already doing this.	10/02/23
		Signed hire agreements should be obtained and uploaded to the booking system before the hire date to ensure records are accurate and to confirm that the hirer has agreed to the terms.	Low	Programming and Marketing Manager	Hire agreements are being obtained before the event. New post of Programme Coordinator already doing this.	10/02/23
4.5.2	Building security and risk assessment.	A copy of the insurance document should be obtained and saved with the booking information.	Low	Programming and Marketing Manager	Insurance documents are being obtained before the event. New post of Programme Coordinator already doing this.	10/02/23

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.6.1	Facilities are misused.	Risk assessments should be completed and uploaded to Artifax where the hirer is not using the facility for a meeting.	Low	Programming and Marketing Manager	Risk Assessments are being obtained before the event. New post of Programme Coordinator already doing this. Template RAMs will be created in order to ensure all risks are picked up by hirers.	01/04/23

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

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

Guidance on the Role and Responsibilities of Audit Committees

Public Sector Internal Audit Standards (Updated 2016)

Independence and Objectivity

The chief audit executive must...establish effective communication with, and have free and unfettered access to...the chair of the audit committee.

Glossary

Definition: Audit Committee

The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

Audit Committees: Practical guidance for Local Authorities (CIPFA)

Core Functions

Audit committees will:

... Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

Suggested Audit Committee Terms of Reference

Audit Activity:

- To consider the Head of Internal Audit's report and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider summaries of specific internal audit reports as requested.
- To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

Called to Account: The Role of Audit Committees in Local Government (Audit Commission)

Monitoring Audit Performance

Auditor/officer collaboration

Slow delivery and implementation of recommendations reduces the audit's impact and can allow fraud to flourish or service delivery to deteriorate. Audit committees can play a key role in ensuring that auditors and officers collaborate effectively. This can enable auditors' reports to be dovetailed into the relevant service committee cycles and ensure that officers respond promptly to completed audit reports.

Management response

An audit committee can ensure that officers consider these recommendations promptly, and act on them where auditors have raised valid concerns.

Implementation

Agreed recommendations arising from audit work need to be implemented. Councils should have a forum for considering the contribution of internal and external audit and for ensuring that audit is, in practice, adding value to corporate governance.

Audit committees can be a powerful vehicle for securing implementation of audit recommendations and thereby improve the operation and delivery of Council activities.

CIPFA Technical Information Service Online

Audit Reporting

Introduction

Internal auditors should produce periodic summary reports of internal audit's opinion and major findings.

The...report could also be issued to senior management of the organisation but should primarily be issued to the audit committee to report upon the soundness or otherwise of the organisation's internal control system. This report will form the conclusion of the work undertaken by internal audit during the period of the report. A summary of the scope of this internal work should also be included in the report.

Periodic Internal Audit Reports

Audit committees should not normally be provided with the full text of internal audit reports. Audit reports are mainly concerned with operational details while audit committees and members or non-executive directors should be concentrating on ensuring that the organisation's system of internal control is effective and that the strategic or corporate objectives are being achieved efficiently. Members or non-executive directors' interest in internal audit should normally be restricted to gaining an assurance that the organisation's systems of internal control are adequate and that where audit does not consider this to be the case that action is taken to ensure that any short comings are rectified promptly.

Audit committee members should not usually get involved in discussing individual internal audit findings or recommendations but should concentrate their attentions on the opinions internal audit express on the activities and systems they have reviewed. These opinions should be summarised and should provide a clear opinion on the overall quality of the organisation's internal control system and the general level of performance across the organisation. Members or non-executive directors should not be over concerned with adverse internal audit conclusions if reasonable recommendations suggested by internal audit have been accepted and that these have been promptly implemented.

If, however, major internal control weaknesses are discovered these should be reported to the audit committee as this may indicate general weaknesses in the management of the section or the department concerned. Audit findings that appear to show a common thread of similar weaknesses throughout the organisation should also be reported to the audit committee.

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 2022/23: Quarter 4
Analysis of Performance

Time Spent: Audit Plan – Planned Vs Actual

ACTIVITY	ANNUAL ALLOCATION (DAYS)	PROFILE ALLOCATION (DAYS)	ACTUAL TO DATE (DAYS)	VARIATION (DAYS)
<u>Planned Audit Work</u>	341.0	341.0	330.1	+10.9
<u>Other Time</u>				
Sundry audit advice	15.0	15.0	7.7	+7.3
Contingency audit work	25.0	25.0	22.7	+2.3
Contingency non-audit work	10.0	10.0	5.0	+5.0
Other work	15.0	15.0	12.5	+2.5
Principal Internal Auditor non-audit work (incl. NFI)	75.0	75.0	58.8	+16.2
Non-chargeable activities	163.0	163.0	194.1	-31.1
Leave and other absences	136.0	136.0	149.8	-13.8
<i>Total Other Time</i>	439.0	439.0	450.6	-11.6
<i>Total Time</i>	780.0	780.0	780.7	-0.7

Time spent: Assignments Completed – Planned Vs Actual

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)
Emergency Planning & Business Continuity Management	6.0	6.5	-0.5
Payment of Creditors	12.0	10.2	+1.8
Main Accounting System	13.0	13.0	0.0
Microsoft 365	Contracted out – 2021/22 audit		
Corporate Properties Repair and Maintenance	13.0	12.9	+0.1
Food Safety	10.0	10.7	-0.7
Leisure Facilities Contracts	11.0	5.1	+5.9
Royal Spa Centre	14.0	14.0	0.0
Town Hall Lettings	8.0	8.1	-0.1
Affordable Housing Development Programme	12.0	13.9	-1.9
Lettings and Void Control	13.0	15.1	-2.1

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)
Recruitment and Selection, Terms and Conditions	7.0	8.1	-1.1

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

Leisure Facilities Contracts: Extremely well-administered function with all documentation and explanations provided speedily.

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	100.0	35	32*	91.4	-3	-8.6

*Does not include three 2021/22 ICT reports completed during the current financial year.

**Summary of Recommendations and Management Responses from Internal Audit Reports
issued Quarter 4, 2022/23**

Report Reference	Recommendation	Risk Rating ¹	Responsible Officer	Management Response and Target Implementation Date (TID)
Emergency Planning & Business Continuity Management – 10 March 2023				
4.2.2	Insurance cover should be specifically named in the EMP to ensure it is considered early on should an emergency situation arise.	Low	Emergencies and Resilience Lead Officer	The new plan will be reviewed and, if appropriate, insurance will be considered. TID: April 2023
	The Council's main Business Continuity Plan should be reviewed and brought up to date.	Low	Emergencies and Resilience Lead Officer	The plan will be updated and brought in line with the recently-reviewed Emergency Management Plan. TID: September 2023
	Whilst it is recognised that some staff have received training it should be ensured that the emergency management plans, or elements of them, are exercised and tested regularly to identify training needs or potential gaps in the response.	Low	Emergencies and Resilience Lead Officer	The Emergencies and Resilience Lead Officer is relatively new to role and has plans in place to run exercises of various aspects of the plan to train staff and to test the plan itself from April onwards after the new plan has been implemented. TID: April 2023 and then ongoing.

¹ Risk Ratings are defined as follows:

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

Report Reference	Recommendation	Risk Rating ¹	Responsible Officer	Management Response and Target Implementation Date (TID)
4.4.2	The roles identified with responsibilities within both the current and the updated EMP should be reviewed to ensure they are using current job titles to so that the correct person can be identified and contacted in an emergency situation.	Low	Emergencies and Resilience Lead Officer	Roles and responsibilities have been updated and reviewed and are now correct. TID: March 2023
Payment of Creditors – 31 March 2023				
4.2.5 & 4.4.2	Staff should be reminded of the need to raise requisitions in a timely manner.	Low	Senior Finance Admin Officer	These issues can be covered by an annual e-mail to all users to remind them of the information. This email can also be used to target some of the common queries that we get from users. TID: 30 April 2023
4.5.1	Staff should be reminded of the need to check bank account details recorded on the invoice against the standing data before a payment is made.	Medium		
Main Accounting System – 31 March 2023				
No Recommendations arising on this occasion (although one 'advisory' was raised).				
Microsoft 365 – 24 January 2023				
4.2.2, 4.2.4 & 4.2.6	The Security Incident Management Policy, Change Management Policy and System Lockdown Policy should be reviewed to ensure that they remain compliant with Council requirements.	Low	Head of Customer and Digital Services	A review of all ICT Policies is already underway. This was delayed during the merger process as many of our policies would have required integration with SDC, but this is no longer an obstacle. TID: 30/06/23

Report Reference	Recommendation	Risk Rating ¹	Responsible Officer	Management Response and Target Implementation Date (TID)
4.3.4	Council management should ensure that work to agree and implement appropriate data retention policies as soon as possible. Doing so will help ensure a timely migration to OneDrive, whilst also ensuring that only the data that the Council requires is migrated. Minimising the amount of data to be migrated may also help reduce the cost of hosting the data in terms of the required storage capacity.	Medium	Head of Customer and Digital Services	Work is already underway with the Council’s new Information Governance Manager to implement appropriate data retention policies that can be enacted across the organisation. TID: 30/06/23
4.4.10	Redacted			
Corporate Properties Repair and Maintenance – 29 March 2023				
4.5.1	Phase 2 of the implementation of CIAnywhere should be actioned as soon as possible enabling invoices raised through ActiveH to be linked to the relevant contract on CIAnywhere.	Low	Head of Finance	The contract with TechnologyOne will be extended by one year as additional support is needed for the contract with CIAnywhere, this includes phase 2 of the implementation. TID: March 2024
4.7.1	The Asset Management Strategy should be used to evaluate options for the Council’s assets.	Low	Head of Neighbourhood and Assets	The Strategy is being used for corporate assets and these have been categorised and classified and a project is underway with Savills to advise the Council on appropriate options for each asset – retain / invest / divest. TID: September 2023

Report Reference	Recommendation	Risk Rating ¹	Responsible Officer	Management Response and Target Implementation Date (TID)
Food Safety – 15 February 2023				
4.4.2	Staff should be reminded to visit premises, where allegations of illness have been made, in a timely manner and notify all complainants promptly of the outcome, where appropriate.	Low	Food Safety Team Leader	The request for service (RFS) reviewed by the auditor was one of two received relating to alleged illness at the same premises from complainants with the same first name – neither responded to officer requests for further information. The complaints were used as intelligence to prompt an inspection at a low-risk food premises and no issues were identified. One RFS was updated and the other was not – a genuine error which has now been corrected. The FSTL now carries out monthly monitoring of all RFSs for response and completion times which will identify any similar occurrence and the officer will receive a prompt using the action diary to record actions taken etc. TID: 26 January 2023
Leisure Facilities Contracts – 31 March 2023				
4.2.14	The report format should be reviewed to ensure that it contains information relevant to the Council at the appropriate level of detail to enable the appropriate steps to be taken.	Low	Sports and Leisure Contract Manager	The reporting of customer comments will be changed accordingly. TID: September 2023

Report Reference	Recommendation	Risk Rating ¹	Responsible Officer	Management Response and Target Implementation Date (TID)
Royal Spa Centre – 17 February 2023				
4.2.1	To mitigate the risk of staff inadvertently using the Council procurement card for personal goods, Council business accounts should be used when purchasing items for business use.	Low	Arts Manager	All staff with corporate purchase cards have been asked to check that their card is not linked to their personal online accounts. TID: Completed.
Town Hall Lettings – 7 March 2023				
4.2.1	Invoices should be raised in advance of the booking date.	Low	Programming and Marketing Manager	Invoices will be raised a minimum of 14 days before the event. New post of Programme Coordinator already doing this. TID: 10/02/23
	Signed hire agreements should be obtained and uploaded to the booking system before the hire date to ensure records are accurate and to confirm that the hirer has agreed to the terms.	Low	Programming and Marketing Manager	Hire agreements are being obtained before the event. New post of Programme Coordinator already doing this. TID: 10/02/23
4.5.2	A copy of the insurance document should be obtained and saved with the booking information.	Low	Programming and Marketing Manager	Insurance documents are being obtained before the event. New post of Programme Coordinator already doing this. TID: 10/02/23

Report Reference	Recommendation	Risk Rating ¹	Responsible Officer	Management Response and Target Implementation Date (TID)
Affordable Housing Development Programme – 15 March 2023				
4.2.1	If the old monitoring spreadsheet cannot be located, a new version should be set up to ensure that Housing Strategy are able to keep track of progress with relevant housing developments.	Medium	Housing Strategy and Development Manager / Development Manager (Place, Arts and Economy)	Agreed – if the old spreadsheet cannot be located, a new version will be set up. TID: 31 March 2023
4.2.3	The reconciled figures should be used as the basis of a new commuted sums tracking spreadsheet, should the old one not be located.	Medium	Principal Accountant (Housing) / Planning Monitoring Officer / Housing Strategy and Development Manager	Agreed – if the old spreadsheet cannot be located, a new version will be set up. TID: 31 March 2023
4.2.3	Investigation should be undertaken to ascertain whether the 'expired' commuted sum needs to be repaid to the developer or can be used on the scheme it is shown to be committed to.	Medium	Principal Accountant (Housing) / Planning Monitoring Officer / Housing Strategy and Development Manager	This will be investigated as recommended. TID: 31 March 2023

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date (TID)
4.4.1	Housing Strategy should review the reports regarding relevant planning applications to ensure that their comments are being accurately reflected and are, therefore, given appropriate weight when Planning Committee make their decisions.	Medium	Housing Strategy and Development Manager / Development Manager (Planning)	Meetings have now been set up with Planning to ensure early input into reports. TID: 31 March 2023
Lettings and Void Control – 31 March 2023				
4.2.1	The HomeChoice contract should be monitored by an alternative contract owner.	Medium	Housing Needs Manager	Agreed. Contract owner is now the Housing Needs Manager. TID: 3 April 2023
4.4.5	Monitoring should be performed at least quarterly on applications nominated to RPs.	Low	Housing Needs Manager	Agreed to implement. May require either setting up meetings with the RPs or asking for a copy of their core reports relating to applications processed within Warwick District. Possible collaboration with Council Tax concerning New Builds and Housing Strategy to see if Active H will generate a flag when the expected handover date of nominations has passed. TID: 30 April 2023
4.5.2	Officers should be reminded to collect physical copies of ID verification and upload these to the Housing systems.	Medium	Senior Housing Advice and Allocations Officer	Agreed. TID: 1 August 2023
4.6.1	The Housing Needs Risk Assessment should be updated.	Medium	Housing Needs Manager	Agreed. TID: 30 April 2023

Report Reference	Recommendation	Risk Rating ¹	Responsible Officer	Management Response and Target Implementation Date (TID)
Recruitment and Selection, Terms and Conditions – 31 March 2023				
4.2.1	The Recruitment and Selection training provided should highlight that essential criteria should be reviewed to ensure they are commensurate with the role in order to ensure that the pool of potential applicants is not unnecessarily reduced. This should also reference the HAY guidance in place and link to the HAY representatives.	Low	Learning and Development Officer	Training provider to be advised to update material accordingly. 30 June 2023
4.2.1	The report regarding the 'how did you hear about this post' question should be run on a regular basis to assess the engagement rates of the different methods of communication used.	Low	Learning and Development Officer	Report completed. Quarterly analysis scheduled to review and action accordingly. 30 July 2023
4.3.1	The Recruitment and Selection Policy should be updated to reflect current (agreed) processes.	Low	HR and Payroll Manager	This will be reviewed and updated as part of the Retention, Recruitment & Remuneration workstream under the People Strategy. TID: September 2023
4.3.2	The Recruitment and Selection training provided should highlight that the shortlisting and interview scoring should be provided to HR for retention in the case of challenges being received.	Low	Learning and Development Officer	Training provider to be advised to update material accordingly. TID: 30 June 2023

Report Reference	Recommendation	Risk Rating¹	Responsible Officer	Management Response and Target Implementation Date (TID)
4.4.1	The Recruitment and Selection training provided should highlight that the checking of qualifications is the responsibility of the recruiting managers.	Low	Learning and Development Officer	Training provider to be advised to update material accordingly. TID: 30 June 2023

Appendix 4

Current Implementation Position for Recommendations Due for Completion by End of Quarter 4 2022/23

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Open Spaces				
All parks and open spaces should be reviewed to determine the frequency of their risk assessments.	<p>Original: There is a need to review the parks risk assessment process based on recent ROSPA recommendations. Need to take a step back and evaluate what is appropriate.</p> <p>Update (October 2022): Discussions have been held with members of the Senior Leadership Team on best way forward including outsourcing the work linked to the parks quality audit, or to have support or guidance internally from within the Council. Plan to have an agreed approach by next quarter.</p> <p>Update (February 2023): Due to meet the Senior Health and Safety Officer at the end of February 2023 to look at methodology and resources required to carry out parks risk assessments. Will have an update end of March.</p>	Initially updated to January 2023 and subsequently to March 2023 (Previous target date of starting from September 2022)	Yes (within this same reporting period)	The Green Space Team met with Senior Health and Safety Officer on 27th February 2023 to discuss the approach needed for parks risk assessments, their frequency and the resources required. From this meeting park risk assessments will be undertaken from May 2023 onwards and will be carried out by the Green Space Team in addition to the play area inspections and tree surveys.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Leaseholder Service Charges (21/22 Audit)				
An income recovery process should be established and followed.	<p>Original: To create & implement procedure for management and recovery of leaseholder debt.</p> <p>Update (April 2022): Awaiting input from legal services regarding recovery options surrounding first tier tribunals for procedure to be written</p> <p>Update (August 2022): Still awaiting Legal input into recommended process as this is complex area of Law involving use of Tier 1 Tribunals.</p> <p>Have been promised reply several times and told would have some advice back, but still outstanding</p> <p>Update (November 2022) Legal Review has determined that leases need to have clause added to enable Authority to be able to take action to recover costs.</p> <p>Awaiting update from legal in terms of new leases to be used moving forward and what action will be taken to address leases already used that are missing this clause.</p>	January 2023 (Previous target dates from April 2022 onwards)	Yes – revised to May 2023	The Christine Ledger Square response has delayed the finalising of this procedure, but works are currently underway to identify if leaseholder service charges can be recovered through the Sundry Debtor contract.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
	<p>Update (November 2022 v2)</p> <p>Following advice from Legal, it has been decided not to pursue this course of action, so I think we are now some way forward at looking at the possibilities, which will most likely be to develop a process whereby we look at the County Court route to obtain a money order to recover debt. We therefore have some basis now to start to try to look at developing a draft procedure, but this will take some weeks to put together.</p>			
Housing Investment & Maintenance Programmes (21/22 Audit)				
<p>A review of properties without a complete condition survey should be undertaken to determine the current condition of each property.</p> <p>The full condition of all HRA stock should be assessed and a rolling programme of assessments should be implemented to ensure the condition data is accurate and up to date.</p>	<p>We are currently consulting with the Head of Housing on options for re-undertaking cyclical stock condition surveys to the full stock in 2022/23.</p>	<p>March 2023</p>	<p>Not applicable.</p>	<p>A contract has now been let with Penningtons Choices. The long-term project will likely take to 2024/25 to complete.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
A service-specific risk register for Asset Management should be created at the earliest opportunity.	<p>Original: Being developed alongside SDC Property Team.</p> <p>Update: Following the ending of the merger discussions with SDC this now reverts to an Assets issue although with the addition of Bereavement Services and internal health and safety and proposals to create a wider service with former Neighbourhood Services this is now a wider piece of work and will be completed by end 2022.</p> <p>Update: The Property Manager is now working on an update to cover the newly formed Neighbourhood and Assets' service area. This is due to be completed by the end of March 2023.</p>	31 March 2023 (Previous target dates of April and December 22)	Yes – revised to October 2023	Needs to be undertaken as part of the new service planning framework and across Neighbourhood and Assets. The task was allocated to a member of staff who has now left. This will become the responsibility of the new Health and Safety and Premises Manager being recruited who will lead across the service.
Corporate Governance				
A brief summary should be published on the Council website relating to each external body and the work that they carry out and / or the benefits that their work brings to the community.	Agreed that this should be completed by the Annual Review, so that this is in place for the new Council.	March 2023	Yes – revised to May 2023	The data is currently being collated from outside appointments, ready for publication as part of their annual reports. At present, information is awaited from three Councillors. It is intended to be published by early May 2023.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Community Services				
Staff should be reminded when new fees come into force.	Email to be sent to Animal Warden and PDK before the Christmas shut down listing the new fees. Website will be updated to reflect the changes.	January 2023	Not applicable.	The fees were not increased for 2023 and remain the same as 2022. Therefore, an update did not need to be sent to the Animal Warden and PDK. Going forward, once the fees have been approved by Council each year (and assuming the fees have changed), I will send a copy to the Animal Warden and PDK so they are aware.
The costs should be updated and reviewed annually to ensure they are in line with the annual fees and charges schedule agreed at committee.	A process is being developed to ensure the Animal Warden and PDK are notified when new fees and charges are agreed.	January 2023	Not applicable.	The fees are looked at as part of the wider department annual fee review to ensure that they are cost effective.
There should be a procedure in place that allows other officers to check that income and expenditure in respect of dog services are correct.	'Stray Dog Registration form' to be introduced. Details also to be inputted onto stray dog register. Invoices to WDC will then have unique ref number on them which can be checked against register to ensure correct payment to PDK is made.	February 2023	Yes – revised to May 2023	Additional time is needed to iron out the details on the invoices that are being sent to WDC from PDK. Action to be completed by (end of) May 2023.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
It should be ensured that there are procedures in place so that the function can operate in the absence of the Animal Warden.	Animal warden checklist and guidance notes to be updated and copies given to staff that deal with animal warden duties.	March 2023	Not applicable.	The updated guidance which has now been produced will be distributed to both the Pollution admin team who deal with the Animal Warden service and the Licensing Team should there be no one available in the Pollution team to assist the Animal Warden. There will be a recruitment drive for Community Wardens in the near future and one of their roles will be to support the service (with reference to stray dogs particularly) when the Animal Warden is not on duty.
Corporate Health and Safety				
The health and safety policy statement should be reviewed and updated with current information from the organisational structure agreed in October 2022.	This was updated in March 2022 and reviewed again following the recent restructure when Corporate internal Health and Safety responsibility was transferred to the Head of Service in the Assets team. An updated copy has been shared.	Completed at the time of the final report.	Not applicable.	
The appendices listed should be included in the Driving for Work policy	These have now been attached to the policy.	Completed at the time of the final report.	Not applicable.	

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Heads of Service should ensure there are ICE lists in place to comply with the lone worker policy.	Although staff have been advised to do this there seems to be a reluctance with some in providing the information. HR have advised that the request for the information cannot be mandatory so the lone worker policy will be updated to reflect this.	March 2023	Not applicable.	This has now been made mandatory in the updated lone worker policy. Training has been rolled out via Meta to remind staff to provide this information. HR are currently risk assessing whether I Trent can be used for this purpose securely.
Line managers should ensure that staff are inputting emergency contact details onto I-Trent.	See above. Further requests to staff will be issued advising them to provide this information.	March 2023	Not applicable.	
Health and Safety Compliance of Council Buildings				
Monthly testing should be performed and logged on Active-H.	A compliance report will be run weekly, missing certificates will be followed up and the systems updated as appropriate.	Completed at the time of the final report.	Not applicable.	
Shower servicing should be reviewed and carried out at main corporate buildings where facilities are provided and used.	A compliance report will be run weekly, missing certificates will be followed up and the systems updated as appropriate.	Completed at the time of the final report.	Not applicable.	
Treasury Management				
It should be ensured that the Counterparty Limits spreadsheet accurately reflects the agreed limits and the 'classification' of the funds invested in.	The Counterparty Limits spreadsheet will be updated for inclusion in the Treasury Management Strategy Statement report for 2023/24 currently being drafted.	January 2023	Not applicable.	The counterparty spreadsheet has been amended.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
The Treasury Management Practice documents should be reviewed to ensure that they are complete and up to date.	The TMPs will be reviewed as soon as time permits.	March 2023	Yes – revised to September 2023	These have been significantly re-written but need the S151 Officer to review a number of points. Once comments have been received, time will be needed to amend the documents accordingly.
Food Safety				
Staff should be reminded to visit premises, where allegations of illness have been made, in a timely manner and notify all complainants promptly of the outcome, where appropriate.	The request for service (RFS) reviewed by the auditor was one of two received relating to alleged illness at the same premises from complainants with the same first name – neither responded to officer requests for further information. The complaints were used as intelligence to prompt an inspection at a low-risk food premises and no issues were identified. One RFS was updated and the other was not – a genuine error which has now been corrected. The FSTL now carries out monthly monitoring of all RFSs for response and completion times which will identify any similar occurrence and the officer will receive a prompt using the action diary to record actions taken etc.	January 2023	Not applicable.	An email was sent to all relevant staff which included the spreadsheet created in order to track the RFSs and highlighted that the Open RFSs would be included in the monthly performance measures.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Financial Strategy, Planning and Budgetary Control				
The advice and FAQs on the intranet Finance Services pages should be reviewed and updated.	<p>Original: Legacy documents to be removed from Intranet, and relevant pages reviewed and updated as necessary.</p> <p>Updated: The Procurement and Purchasing and Payments sites have been updated ready for the migration to the new intranet.</p> <p>The Accountancy intranet site is under review and will be updated to remove all documents relating to the TOTAL system, and updating the team structure. Expected completion by end of February 2023</p>	February 2023 (Previous target date of December 2022)	Not applicable.	All Intranet documentation has been recently reviewed and updated where necessary as part of the closedown process and the updates and movement to the new intranet service. Some old documents will still be required and have been moved to the new intranet site.
Royal Spa Centre				
To mitigate the risk of staff inadvertently using the Council procurement card for personal goods, Council business accounts should be used when purchasing items for business use.	All staff with corporate purchase cards have been asked to check that their card is not linked to their personal online accounts.	Completed at the time of the final report.	Not applicable.	

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Town Hall Lettings				
Invoices should be raised in advance of the booking date.	Invoices will be raised a minimum of 14 days before the event. New post of Programme Coordinator already doing this.	Completed at the time of the final report.	Not applicable.	
Signed hire agreements should be obtained and uploaded to the booking system before the hire date to ensure records are accurate and to confirm that the hirer has agreed to the terms.	Hire agreements are being obtained before the event. New post of Programme Coordinator already doing this.	Completed at the time of the final report.	Not applicable.	
A copy of the insurance document should be obtained and saved with the booking information.	Insurance documents are being obtained before the event. New post of Programme Coordinator already doing this.	Completed at the time of the final report.	Not applicable.	
Financial Systems Interfaces (21/22 Audit)				
The Council should develop formal policies and procedures for the management of the Financial Interfaces with the Ci Anywhere system.	The documentation in place will be expanded upon to enable staff unfamiliar with the interfaces to be able to follow the processes.	March 2023	Not Applicable.	Notes have been enhanced following audit recommendation and are accessible on Sharepoint by relevant users from both Finance and Digital Services (ICT).

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
CCTV Services				
The COTL should be included as a SPOC in all relevant documents.	Agreed. COTL to speak with line manager to discuss the best way forward with this.	March 2023	Not Applicable.	Bi-monthly meeting set up with Information Governance Manager to discuss CCTV issues at the different locations within the council. A number of SRO's have been highlighted to start the role out of the SPOC work to ensure all CCTV systems are operating in line with current legislation. A survey has been drafted and is due to be send out imminently. A number of locations have been highlighted to begin the CCTV SPOC work, including the Spa Centre and Pump rooms.
RIPA refresher courses should be made available to the team on either an annual or bi-yearly basis.	Agreed. Information to be sought about the possibility of in-house refresher. If not available, then external providers to be looked at. This will also be added to future PDPs.	March 2023	Not Applicable.	All staff have successfully completed the WDC meta compliance RIPA refresher. This will be expected to be repeated every two years.
Planning Policy				
The Service Area Lone-Worker Policy should be updated.	The current lone worker policy remains largely relevant; however, it would benefit from being updated as it was prepared prior to the pandemic, when most staff were office-based for most of the time.	March 2023	Yes – revised to June 2023	Owing to other pressing matters and the need to take annual leave before the end of the financial year it has not been possible to complete this action

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
				<p>within the timescale initially expected.</p> <p>We have had a major consultation on the South Warwickshire Local Plan, I have led public examination hearings for the Council this month on the Net Zero Carbon DPD and I have been busy recruiting and then helping new staff settle in to the organisation (amongst lots of other things!).</p> <p>I do appreciate this is a priority but want to ensure I can commit the appropriate time to reviewing the corporate policy, what we currently have and what my colleagues in Development Management have in place.</p> <p>A new target date of June 2023 is, therefore, suggested.</p> <p>In the meantime new starters are being told about the procedures for going on site and I have recently ensured our ICE information for my team is up-to-date, including for new starters.</p>

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Affordable Housing Development Programme				
If the old monitoring spreadsheet cannot be located, a new version should be set up to ensure that Housing Strategy are able to keep track of progress with relevant housing developments.	Agreed – if the old spreadsheet cannot be located, a new version will be set up.	March 2023	Not Applicable.	Spreadsheet located and updated.
The reconciled figures should be used as the basis of a new commuted sums tracking spreadsheet, should the old one not be located.	Agreed – if the old spreadsheet cannot be located, a new version will be set up.	March 2023	Not Applicable.	Completed.
Investigation should be undertaken to ascertain whether the 'expired' commuted sum needs to be repaid to the developer or can be used on the scheme it is shown to be committed to.	This will be investigated as recommended.	March 2023	Not Applicable.	Pay back has not been requested. Expenditure identified.
Housing Strategy should review the reports regarding relevant planning applications to ensure that their comments are being accurately reflected and are, therefore, given appropriate weight when Planning Committee make their decisions.	Meetings have now been set up with Planning to ensure early input into reports.	March 2023	Not Applicable.	Regular meetings set up and procedures in place for early intervention.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Emergency Planning and Business Continuity Management				
The roles identified with responsibilities within both the current and the updated EMP should be reviewed to ensure they are using current job titles to so that the correct person can be identified and contacted in an emergency situation.	Roles and responsibilities have been updated and reviewed and are now correct.	March 2023	Not applicable.	The plan has been amended to include the correct job titles.
Microsoft 365 (21/22 Audit)				
Redacted				

Title: Dispensation for Councillors

Lead Officer: Graham Leach, Head of Governance & Deputy Monitoring Officer, Telephone 01926 456141 or email graham.leach@warwickdc.gov.uk

Portfolio Holder: N/A

Wards of the District directly affected: None

Approvals required	Date	Name
Portfolio Holder		N/A
Finance		
Legal Services		
Chief Executive	5/6/2023	Chris Elliott
Director of Climate Change		
Head of Service(s)		
Section 151 Officer		
Monitoring Officer	5/6/2023	Andrew Jones
Leadership Co-ordination Group		N/A
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

The proposals set out in this report will protect Members from inadvertent breaches of the requirements related to Disclosable Pecuniary Interests or a "Pecuniary Other Interest" ensuring that the Council can conduct its business.

Recommendation

The Audit & Standards Committee grants dispensations until the elections for the Council in May 2027 to the Councillors listed at Appendix 1, as set out in (a) and (b) below in respect of circumstances where the Councillors have a Disclosable Pecuniary Interest (DPI) or other interest in a matter relating to another authority by virtue of the fact that either they are an elected Member of that other authority and/or in receipt of an allowance from that other authority.

- (a) Where the issue is a matter of dispute between the District Council and the other authority and the matter would affect the financial position of that other authority, the Councillor may speak on the matter provided they then immediately withdraw from the meeting room, unless it relates to the future structure of local government; and
 - (b) In relation to other matters (including the future structure of local government) affecting that other authority, the District Councillor may speak and vote.
-

1 Reasons for the Recommendation

- 1.1 Within the Constitution, the Audit & Standards Committee is responsible for considering and determining requests for dispensation from the requirements of the adopted Members' Code of Conduct.
- 1.2 Dispensations for Members to participate can be granted (in certain circumstances) for up to four years allowing a member to vote and / or speak where they have a Disclosable Pecuniary Interest. The application must be made in writing to the proper officer (Chief Executive), as defined within the procedure at Appendix 2 to the report.
- 1.3 In the last Council (2019 to 2023), dispensations, as per the above recommendation, were granted to all Councillors who would have an interest by virtue of them being in receipt of an allowance from another local authority or being a member of another authority. Following the May 2023 election it is considered reasonable that those Councillors in a similar position be granted the same dispensations to enable them to effectively represent the communities they have been elected to serve.
- 1.4 All District Councillors who had been elected to more than one Council were approached with proposed dispensation and guidance on this subject area. All subsequently applied for dispensation on the terms set out in this report.

2 Alternative Options

- 2.1 The Committee could consider each application for dispensation on its individual merits. However, officers believe that the recommended general dispensations enable the Council to function more effectively and do not compromise the Council's transparency.

3 Legal Implications

- 3.1 The Committee is reminded that any decision must only have regard to relevant factors and must be reasonable. In respect of reasonableness, this should be considered in line with the English Court case from 1948, which established "The Wednesbury Principle". This is that no decision should be so outrageous in its defiance of logic or accepted moral standards that no sensible person who had applied his mind to the question to be decided could have arrived at it.

4 Financial

- 4.1 The report does not directly impact on the budgetary framework or budget of the Council.

5 Business Strategy

- 5.1 Warwick District Council has adopted a Business Strategy which sets out key areas for service delivery. For this report the relevant aspect is Health, Homes, Communities, through the action of enabling Members to participate in these debates at Council meetings will enable them to represent the views of their communities and to help the Council focus on potential impacts for their communities.

6 Environmental/Climate Change Implications

- 6.1 The report does not have environmental implications in relation to the Council's policies and Climate Emergency Action Plan.

7 Analysis of the effects on Equality

- 7.1 The report does not meet the requirements for undertaking an equality impact assessment.

8 Data Protection

- 8.1 The report does not have any Data Protection considerations as the information is in the public domain.

9 Health and Wellbeing

- 9.1 The report does not have health and wellbeing implications.

10 Risk Assessment

- 10.1 The primary risks associated with this report about balancing the impact of not enabling Councillors to participate in debates and their resultant loss of voice against the conflict of interest and views they may have as a result being a Member of another Council.

11 Consultation

- 11.1 The Independent Persons for the Council have been consulted on the approach that was adopted and were content with this.

Councillors who have applied for dispensation and why

Member of another Council and not in receipt of an allowance from that other Council

Councillor Aizlewood – Member of Burton Green Parish Council
Councillor Barton – Whitnash Town Council
Councillor Falp – Whitnash Town Council
Councillor Margrave – Whitnash Town Council

Member of another Council and in receipt of an allowance from that other Council

Councillor Boad – Royal Leamington Spa Town Council
Councillor Browne – Warwick Town Council
Councillor Chilvers – Warwickshire County Council
Councillor K Dickson – Kenilworth Town Council
Councillor R Dickson – Kenilworth Town Council
Councillor Dray – Warwick Town Council
Councillor Falp – Warwickshire County Council
Councillor B Gifford - Royal Leamington Spa Town Council & Warwickshire County Council
Councillor Gorman – Warwick Town Council
Councillor Kang – Warwick Town Council
Councillor Kennedy – Kenilworth Town Council
Councillor Matecki – Warwickshire County Council
Councillor Milton – Kenilworth Town Council
Councillor Payne – Kenilworth Town Council
Councillor Sinnott – Warwick Town Council
Councillor Sullivan – Warwick Town Council
Councillor Wightman – Warwick Town Council

Dispensation

You may make an application for a dispensation allowing you to speak and/or vote in relation to a matter in which you have a Disclosable Pecuniary Interest by writing to the Chief Executive. You should set out your Disclosable Pecuniary Interest and the reasons why you believe you should be allowed to speak and /or vote in relation to the matter. The Chief Executive will refer your application to the Standards Committee for consideration.

To grant dispensations from either or both of the restrictions in section 31(4) Localism Act 2011 i.e. restrictions on participation and voting in relation to matters in which a member has a Disclosable Pecuniary Interest, if in all the circumstances it considers:

- (a) that without the dispensation the number of persons prohibited from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business;
- (b) that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business;
- (c) that granting the dispensation is in the interests of persons living in the authority's area;
- (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, that without the dispensation each member of the authority's executive would be prohibited from participating in any particular business to be transacted by the authority's executive; or
- (e) that it is otherwise appropriate to grant a dispensation.

Terms of Reference Budget Review Group

(adopted by Council 27 February 2023)

The Group will meet the evening before Cabinet and will be responsible for reviewing the following papers:

Annual Fees & Charges

Setting of the General Fund Budget

Setting of the Housing Revenue Account (HRA)

Annual Treasury Management Strategy (if it is reported to Cabinet in February)

Their purpose will be to review the reports and pass comment on the strategic financial robustness of them.

The reports will be subject to pre meeting questions process as used for all Cabinet papers.

The Group will be composed of a Councillor from each Political group on the Council from each of the Audit & Standards and Overview & Scrutiny committee.

The Chairs of the respective Committees must be on the group but will form the representative of their Group from the respective Committee

The Leader of the Cabinet will permit the Chair of this meeting to represent the views of the Group in line with the rights provided to the Chair of the Overview & Scrutiny Committee



Protocol for appointment of Parish & Town Council Representatives to the Audit & Standards Committees of Warwick District Council

Warwick District Council values the collaborative working with Parish and Town Councils and feel it is important that they have a voice when considering matters relating to the Code of Conduct for councillors and the associated processes.

To that end the Council seeks to co-opt two representatives from Parish/Town Councils to their respective Audit & Standards Committee. This document sets out the process for that appointment.

The appointment would be up to the next all out elections for the District Council and/or when the co-optee ceased to be a Councillor, decide to step down from the role on the Committee, or the District Council decides to remove them (for example in the instance where they have breached the Code of Conduct).

- 1 Following the all out elections of the District Council, or if a vacancy occurs to the role of co-opted member to the Audit & Standards Committee, the Monitoring Officer will write to all Parish & Town Councils in the District seeking nominations within a reasonable time period.
- 2 Those nominated will be asked to provide a brief, no more than two paragraphs, summary of why they should be appointed.
- 3 All Parish and Town Councils will then be provided the details of those nominated and provided an indicative vote, for up to the maximum number of vacancies on the Committee.
- 4 The outcome of the indicative vote from the Parish & Town Councils and nominations will be presented to the Audit & Standards Committee for them to determine who should be co-opted to the Committee.

NB: those Co-opted members of the Committee will automatically be nominated for the role subject to (a) them continuing to be a Councillor and (b) them wanting to continue within the role.

Document Control

Version	1.1
Date Issued	May 2022
Ownership of Document	Monitoring Officer