

## Finance & Audit Scrutiny Committee Wednesday 9 March 2022

A meeting of the above Committee will be held in the Town Hall, Royal Leamington Spa on Wednesday 9 March 2022, at 6.00pm and available for the public to watch via the Warwick District Council [YouTube channel](#).

Councillor J Nicholls (Chair)

Councillor M Ashford

Councillor M Luckhurst

Councillor I Davison

Councillor N Murphy

Councillor R Dickson

Councillor S Syson

Councillor J Grey

Councillor J Tracey

Councillor G Illingworth

### Emergency Procedure

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

### Agenda

#### Part A – General

#### 1. Apologies & Substitutes

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

#### 2. Declarations of Interest

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

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

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

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

#### 3. Minutes

To confirm the minutes of the meeting held on 9 February 2022 **(Pages 1 to 5)**

## **Part B – Audit Items**

### **4. Internal Audit Quarter 3 Progress Report**

To consider a report from Finance

**(Pages 1 to 23 and Appendices A to G)**

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

To consider a report from Finance

**(Pages 1 to 9)**

### **6. Internal Audit Plan 2022-23 and Internal Audit Charter 2022-23**

To consider a report from Finance

**(Pages 1 to 20)**

### **7. Value for Money Report – Delay to Auditor’s Annual Report**

To consider an update from Finance

**(Page 1)**

## **Part C – Scrutiny Items**

### **8. Update on Joint Work of WDC and SDC**

To consider a report from the Chief Executive

**(Pages 1 to 14)**

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

To consider a report from Civic & Committee Services

**(Pages 1 to 5)**

### **10. Cabinet Agenda (Non-Confidential Items and Reports) – Thursday 10 March 2022**

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

**(Circulated Separately)**

### **11. Public & Press**

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

### **12. Cabinet Agenda (Confidential Items and Reports) – Thursday 10 March 2022**

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

**(Circulated separately)**

### **13. Minutes**

To confirm the confidential minutes of the meeting held on 9 February 2022

**(Pages 1 to 2)**

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

Telephone: 01926 456114

E-Mail: [committee@warwickdc.gov.uk](mailto:committee@warwickdc.gov.uk)

You can e-mail the Members of the Committee at

[FandAscrutinycommittee@warwickdc.gov.uk](mailto:FandAscrutinycommittee@warwickdc.gov.uk)

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

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

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

# Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 9 February 2022 in the Town Hall, Royal Leamington Spa at 6.00pm.

**Present:** Councillor Nicholls (Chair); Councillors: Ashford, Davison, R Dickson, Jacques, Leigh-Hunt, Luckhurst, Murphy, and Syson.

**Also present:** Councillor Bartlett (Portfolio Holder for Culture, Tourism & Leisure), Councillor Day (Leader of the Council), Councillor Hales (Portfolio Holder for Transformation/Resources) and Councillor Matecki (Portfolio Holder for Homes, Health and Wellbeing).

## 64. Apologies and Substitutes

- (a) there were no apologies for absence; and
- (b) Councillor Leigh-Hunt substituted for Councillor Grey and Councillor Jacques substituted for Councillor Illingworth.

## 65. Declarations of Interest

There were no declarations of interest.

## 66. Minutes

The minutes of the meeting held on 8 December 2021 were taken as read and signed by the Chair as a correct record.

## 67. Update on Joint Work of WDC and SDC

The Committee considered a report from the Chief Executive which set out the progress of the work being done to enable effective scrutiny of the proposals to achieve joint working with Stratford-on-Avon District Council.

Appendix 1 to the report set out the Programme Risk Register.

Both Warwick District Council (WDC) and Stratford-on-Avon District Council (SDC) had agreed a vision to create a single statutory South Warwickshire Council covering all of the activities currently carried out by SDC and WDC by 1 April 2024.

Overview & Scrutiny Committee and Finance & Audit Scrutiny Committee had agreed that at each of their meetings, a progress report would be submitted for consideration whilst work was ongoing to merge the service areas of both Councils and depending on the response from the Secretary of State, to enable scrutiny of the political merger also.

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

- Feedback from consultations was that Parish/Town Councils had concerns about a bigger authority being further away from them and local communities might lose that local connection. There was an

opportunity for community empowerment; activities that could go to Parish/Town Councils would be explored. Both Chief Executives had met with both the outgoing and the incoming Chief Executive of Warwick Association of Local Councils to kick start the discussion on how to start the process of engaging with Parish/Town Councils. Feedback from staff was generally positive.

- Aligning both Councils to one culture was a challenge. As there would be more service integration, they could not operate in a duality of culture. The approach was “culture by doing” – by people working together, this would start to change things. At joint management team level, they had set out an expectation of themselves as an entity, so that they could hold each other to account, and would expect that to be taken on board by other managers. Most communications to staff were now joint, and therefore there would not be different messages being sent to staff of both authorities. The cultural programme of change would not happen until well after the organisations potentially merged.
- A Gantt chart to help map achievements against the objectives/milestones as part of the joint work was possible and could be developed over time. The Portfolio Holder for Transformation/Resources agreed and informed Members that he had a meeting with the Programme Manager and confirmed that such a chart was being drawn up and would come back to Members through the Transformation Programme Advisory Board and through to the Committee for review.

**Resolved** that the report and appendix, be noted.

#### 68. **Revised Internal Audit Plan 2021/22**

The Committee considered a report from Finance which presented an updated Internal Audit Plan for 2021/22, necessary because of reduced Internal Audit Resources arising from the resignation of a member of the team, effective from 31 December. (The post was in the process of being filled but this would not affect the current year’s Audit Plan.)

The original Internal Audit Plan for 2021/22 was approved by the Senior Management Team on 22 February 2021 and by Finance and Audit Scrutiny Committee at its 17 March 2021 meeting.

In consultation with the Joint Management Team (JMT), all audits remaining at the time the member of staff resigned were re-prioritised. This had meant that several audits, deemed slightly lower priority, had been deferred. All such audits had been deferred for one year only – 2022/23, subject to consultation on next year’s Plan. Three main factors were considered in deciding which assignments should remain in this year’s Audit Plan and which could be deferred - the length of time since the activity was last audited, the assessment from the previous audit, and current risk profiles.

The accompanying Appendix 1 to the report set out the updated Audit Plan for 2021/22 highlighting those audits which were to be deferred.

The revised Internal Audit Plan was approved by JMT on 26 November.

In response to questions from Members, the Chief Executive advised that he had met with the Audit & Risk Manager and discussed whether they should look at the programme to cover areas of greater risk as the Council moved towards a potential merger. This issue had been raised and the Audit & Risk Manager and the Principal Internal Auditor anticipated this would be picked up and would be useful as a learning point to the evolving programme of the potential merger.

The Head of Finance advised that in terms of the 2022/23 plan, the Audit & Risk Manager and the Principal Internal Auditor had been working with the County Council Auditors and the SDC Auditors to try and bring forward a more joined up plan, noting that these services would be aligned.

Comments from the Committee would also be fed back to them before they finalised the plan which would come before Members at the March meeting.

**Resolved** that the updated Internal Audit Plan for 2021/22, be approved.

**69. Cabinet Agenda (Non-Confidential items and reports) – Thursday 10 February 2022**

The Committee considered the following items which would be discussed at the meeting of the Cabinet on Thursday 9 December 2021.

Item 5 – Review of Warwick District Council Member’s Allowances Scheme - 2021

The Finance & Audit Scrutiny Committee raised a question from one of the political groups about the rationale for adopting the recommendations of the independent review regarding the increase in Special Responsibility Allowances in the current economic climate. It received clarification about the decisions that the Council could take on the review, noting that the last review had been held in 2017 and there had been changes in the roles and expectations of those Councillors who held positions of responsibility and leadership subsequently as the review noted. It had no further questions on the review of the Scheme.

Item 6 – General Fund 2022/23 Budgets and Council Tax

The Committee noted the questions that had been raised in writing by Councillors regarding the Budgets and decision on Council Tax prior to the meeting. Some members expressed concern about the continuing impact of a freeze on Council Tax on the medium-term financial position for the Council. The Committee examined the rationale for the assumptions on inflation, wage increases and other factors, the reserves position, the need for further savings, and noted the financial pressures and risks in the medium-term financial statements, notwithstanding that a balanced budget was being proposed for 2022/23. It also noted the CFO’s statement at Appendix 1 to the report. Overall, the Committee was satisfied that appropriate statements had been made about the assumptions in the Budgets and MTFs, and in the statements of risk and projections that lay behind the proposals.

Item 7 – Housing Revenue Account Rent Setting and Budget 2022/23

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

#### 70. **Appointment of External Auditors**

The Committee considered a report from Finance which set out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

It was concluded that accepting Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023 provided the best route for the appointment of external auditors for the Council.

Under the current arrangements up to 2022/23, Stratford-on-Avon District Council (SDC) and Warwick District Council (WDC) had different auditors. SDC's auditors were Ernst Young; WDC's auditors were Grant Thornton. The new contracts from 2023/24 provided the ideal opportunity for both Councils to have the same auditors in the run-up to the proposed merger in April 2024. The requirement for the Councils to have the same auditor would be stressed to PSAA.

In terms of alternative options, if the Council did not use the national appointment arrangements, it would need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract.

In response to questions from Members, the Head of Finance advised Members that a report had also been to Stratford-on-Avon District Council's Audit and Standards Committee and its Council, and it had duly notified PSAA that it would also be joining the same process.

**Recommended** to Council that the Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023, be approved.

#### 71. **Review of the Work Programme and Forward Plan & Comments from the Cabinet**

The Committee considered a report from Democratic Services that informed the Committee of its work programme for the 2022/2023 Municipal Year, as set out at Appendix 1 to the report, and of the current Forward Plan.

**Resolved** that the report be noted.

#### 72. **Public and Press**

**Resolved** that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local

Government Act 1972, following the Local  
Government (Access to Information) (Variation)  
Order 2006.

73. **Cabinet Agenda (Confidential Items and Reports) – Tuesday 13  
April**

Confidential Addendum to Item 6 – General Fund 2022/23 Budgets and  
Council Tax

The Finance & Audit Scrutiny comments relating to the above item will be  
detailed within the confidential minutes.

(The meeting ended at 8.00pm)

CHAIR  
9 March 2022

Title: Internal Audit Progress Report: Qtr. 3 2021/22  
Lead Officer: Richard Barr  
Portfolio Holder: Councillor Hales  
Wards of the District directly affected: None directly impacted

---

## **Summary**

The Report advises on progress in achieving the Internal Audit Plan 2021/22, summarises the audit work completed in the third quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

## **Recommendations**

- 1 That the report, including its appendices, be noted and, where appropriate, approved. Specifically:
    - 1.1 That Appendix 1, containing guidance on the role and responsibilities of audit committees, be noted. (Paragraph 1.2 of this report)
    - 1.2 That Appendix 2, detailing the performance of Internal Audit in completing the Audit Plan, be considered. (Para. 2.1 of this report)
    - 1.3 That Appendix 3, setting out the action plan accompanying the Internal Audit report issued in the quarter, be reviewed. (Para. 4.4)
    - 1.4 That Appendix 4, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 5.2)
- 

## **1 Background**

- 1.1 Members have responsibility for corporate governance, of which internal audit forms a key part.
- 1.2 Finance and Audit Scrutiny Committee is operating, in effect, as an audit committee in the context of receiving and acting upon this report. Guidance on the role and responsibilities of audit committees is available from a number of sources. That which relates to audit committees' relationship with internal audit and in particular the type and content of reports they should receive from internal audit is summarised in Appendix 1.
- 1.3 Essentially, the purpose of an audit committee is:
  - To provide independent assurance of the associated control environment.
  - To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

- 1.4 To help fulfil these responsibilities audit committees should review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- 1.5 The following sections provide information to satisfy these requirements.

**2 Progress Against Plan**

- 2.1 At the start of each year Members approve the Audit Plan setting out the audit assignments to be undertaken. This year’s Audit Plan had to be revised due to the resignation of a member of the Internal Audit Team (post filled from 28 February). A revised Audit Plan was approved by Members on 9 February. A detailed analysis of progress in completing the Audit Plan for 2021/22 is set out as Appendix 2.

**3 Assurance**

- 2.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Authority, Internal Audit review, appraise and report on the efficiency, effectiveness, and economy of financial and other management controls.
- 2.1 Each audit report gives an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands are shown below:

**Assurance Levels**

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

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

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

- 4.1 Seven audits were completed in the third quarter of 2021/22.
- 4.2 The Internal Audit reports arising from them are available for viewing on the online agenda for the meeting
- 4.3 Two audits completed in the quarter were awarded a lower than substantial assurance opinion. These were: Responding to Complaints and FOI Requests and Car Parking. Both audits were awarded a moderate level of assurance.

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

## **5 Implementation of Recommendations Issued Previously**

- 5.1 As set out in the earlier quarterly reports, a new method of following up on recommendations has been implemented from the start of this financial year. Rather than seeking to determine the implementation status of recommendations after a set period (either three or nine months, depending on the risk rating assigned to the recommendation), the recommendations are now followed up once the implementation date has passed. Officers are also now able to provide an update as soon as they have completed the agreed action, as opposed to waiting to be chased for a response.
- 5.2 The state of implementation for all relevant recommendations is set out in Appendix 4, including **three recommendations where no response has been forthcoming**. A further recommendation is also awaiting an updated response as the response received did not address the issue that had been raised.
- 5.3 With regards to the outstanding responses, they all relate to a specific responsible officer, covering two different audits (Test and Trace, and Housing Benefit & Council Tax Reductions).
- 5.4 Where officers have not completed the recommendation in line with the original target date, they are now being asked for a new date by which the agreed action will be completed. If this is not met, this will be flagged separately in future reports to Finance & Audit Scrutiny Committee (with, as per usual protocol, the option of Members asking the officers to attend to explain the lack of progress).
- 5.5 Revised target dates had been provided for two recommendations where JMT as a whole were shown as the responsible officers. One of these was revised from November to December and has subsequently been addressed (both responses are included in Appendix 4). In the other case, the revised date had been provided in Quarter 2 and the recommendation has still not been fully addressed with a further revised date being provided
- 5.6 Two other revised target dates have been provided in relation to the Housing Repairs and Maintenance audit.

## **6 Review**

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

## **7 Alternative Options available to Committee**

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

## **8 Consultation and Members' comments**

8.1 Include any comments received in response to the consultation on the report.

No comments received.

## **9 Implications of the proposal**

### **9.1 Legal/Human Rights Implications**

9.1.1 Include a summary of the legal or human rights implications of the proposal.

Not applicable.

### **9.2 Financial**

9.2.1 Include a summary of the financial implications of the proposal

Not applicable.

### **9.3 Council Plan**

#### **9.3.1 External Impacts**

**People - Health, Homes, Communities**

**Services - Green, Clean, Safe**

**Money- Infrastructure, Enterprise, Employment**

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

#### **9.3.2 Internal Impacts**

**People - Effective Staff**

**Services - Maintain or Improve Services**

**Money - Firm Financial Footing over the Longer Term**

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

### **9.4 Environmental/Climate Change Implications**

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

### **9.5 Analysis of the effects on Equality**

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

## 9.6 **Data Protection**

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

## 9.7 **Health and Wellbeing**

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

## 10 **Risk Assessment**

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

## 11 **Conclusion/Reasons for the Recommendation**

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

### **Background papers:**

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

### **Supporting documents:**

Internal Audit Reports.

## Report Information Sheet

<b>Committee/Date</b>	Finance & Audit Scrutiny Committee – 9 March 2022	
<b>Title of report</b>	Internal Audit Progress Report: Qtr. 3 2021/22	
<b>Consultations undertaken</b>		
<b>Consultee *required</b>	<b>Date</b>	<b>Details of consultation / comments received</b>
<b>Ward Member(s)</b>		
<b>Portfolio Holder WDC &amp; SDC *</b>	11/2/2022	
<b>Financial Services *</b>		
<b>Legal Services *</b>		
<b>Other Services</b>		
<b>Chief Executive(s)</b>	10/2/2022	
<b>Head of Service(s)</b>	10/2/2022	
<b>Section 151 Officer</b>	10/2/2022	
<b>Monitoring Officer</b>	10/2/2022	
<b>CMT (WDC)</b>	10/2/2022	
<b>Leadership Co-ordination Group (WDC)</b>	10/2/2022	
<b>Other organisations</b>		
<b>Final decision by this Committee or rec to another Cttee/Council?</b>		The former.
<b>Contrary to Policy/Budget framework</b>		No
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>		No
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>		No.
<b>Accessibility Checked?</b>		File/Info/Inspect Document/Check Accessibility

**Guidance on the Role and Responsibilities of Audit Committees**

---

***Public Sector Internal Audit Standards 2013***

---

Independence and Objectivity

The chief audit executive must...establish effective communication with, and have free and unfettered access to...the chair of the audit committee.

Glossary

Definition: Audit Committee

The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

---

***Audit Committees: Practical guidance for Local Authorities  
(CIPFA)***

---

Core Functions

Audit committees will:

... Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

Suggested Audit Committee Terms of Reference

Audit Activity:

- To consider the Head of Internal Audit's report and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider summaries of specific internal audit reports as requested.
- To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

---

***Called to Account: The Role of Audit Committees in Local Government (Audit Commission)***

---

Monitoring Audit Performance

*Auditor/officer collaboration*

Slow delivery and implementation of recommendations reduces the audit's impact and can allow fraud to flourish or service delivery to deteriorate. Audit committees can play a key role in ensuring that auditors and officers collaborate effectively. This can enable auditors' reports to be dovetailed into the relevant service committee cycles and ensure that officers respond promptly to completed audit reports.

*Management response*

An audit committee can ensure that officers consider these recommendations promptly, and act on them where auditors have raised valid concerns.

*Implementation*

Agreed recommendations arising from audit work need to be implemented. Councils should have a forum for considering the contribution of internal and external audit and for ensuring that audit is, in practice, adding value to corporate governance.

Audit committees can be a powerful vehicle for securing implementation of audit recommendations and thereby improve the operation and delivery of Council activities.

---

***CIPFA Technical Information Service Online***

---

Audit Reporting

*Introduction*

Internal auditors should produce periodic summary reports of internal audit's opinion and major findings.

The...report could also be issued to senior management of the organisation but should primarily be issued to the audit committee to report upon the soundness or otherwise of the organisation's internal control system. This report will form the conclusion of the work undertaken by internal audit

during the period of the report. A summary of the scope of this internal work should also be included in the report.

#### *Periodic Internal Audit Reports*

Audit committees should not normally be provided with the full text of internal audit reports. Audit reports are mainly concerned with operational details while audit committees and members or non-executive directors should be concentrating on ensuring that the organisation's system of internal control is effective and that the strategic or corporate objectives are being achieved efficiently. Members or non-executive directors' interest in internal audit should normally be restricted to gaining an assurance that the organisation's systems of internal control are adequate and that where audit does not consider this to be the case that action is taken to ensure that any 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 2021/22: Quarter 3****Analysis of Performance****Time Spent: Audit Plan – Planned Vs Actual**

ACTIVITY	ANNUAL ALLOCATION (DAYS)	PROFILE ALLOCATION (DAYS)	ACTUAL TO DATE (DAYS)	VARIATION (DAYS)
<i>Planned Audit Work</i>	339.0	254.3	196.5	+57.8
<i>Other Time</i>				
Sundry audit advice	20.0	15.0	8.8	+6.2
Contingency audit work	20.0	15.0	24.8	-9.8
Contingency non-audit work	14.0	10.5	0.8	+9.7
Other work	15.0	11.2	19.9	-8.7
Principal Internal Auditor non-audit work (incl. NFI)	70.0	52.5	39.6	+12.9
Non-chargeable activities	178.0	133.5	178.3	-44.8
Leave and other absences	139.0	104.3	127.7	-23.4
<i>Total Other Time</i>	456.0	342.0	399.9	-57.9
<i>Total Time</i>	795.0	596.3	596.4	-0.1

**Time spent: Assignments Completed – Planned Vs Actual**

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)
Housing Investment & Maintenance Programmes	14.0	14.2	-0.2
Asbestos Management	10.0	10.0	0.0
Utilities Management	12.0	11.9	+0.1
Responding to Complaints & FOI Requests	10.0	11.3	-1.3
Estate Management	9.0	7.8	+1.2
Leaseholder Service Charges	9.0	9.1	-0.1
Car Parking	13.0	13.0	0.0

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

Not applicable.

**Completion of Audit Plan: Target Vs Actual**

NO. OF AUDITS PER AUDIT PLAN	PROFILED TARGET COMPLETION		ACTUAL NO. COMPLETED TO DATE		VARIATION	
	NO.	%	NO.	%	NO.	%
35	18	50	15	42.9	-3	-16.7

**Summary of Recommendations and Management Responses from Internal Audit Reports  
issued Quarter 3, 2021/22**

<b>Report Reference</b>	<b>Recommendation</b>	<b>Risk Rating<sup>1</sup></b>	<b>Responsible Officer</b>	<b>Management Response and Target Implementation Date (TID)</b>
<b>Housing Investment &amp; Maintenance Programmes – 1 December 2021</b>				
4.2.1	A review of properties without a complete condition survey should be undertaken to determine the current condition of each property.	Low	Head of Assets/ Head of Housing / Compliance Manager	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. TID: March 2023

---

<sup>1</sup> 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 <sup>1</sup>	Responsible Officer	Management Response and Target Implementation Date (TID)
4.2.1	The Council should develop a robust procedure for dealing with instances where reasonable requests for access are refused. These cases should be escalated until remedial action has been completed and every effort should be made to recover the cost from the tenant.	Low	Head of Housing	Housing Services will consider as part of the tenancy agreement review and, if necessary, write and implement a procedure that covers access to our customers' homes. However, it must be noted that ultimately it is a legal obligation of any tenancy agreement that a tenant must have quiet enjoyment of their home, which means a Landlord cannot gain or try to obtain access unnecessarily or without good reason. A court order must be obtained and we would need to establish whether legal proceedings would be classed as abuse of process to carry out improvement works. Similarly, whether we would be able to charge tenant for refusing access is a difficult situation to assess. There may be very many reasons why we wouldn't want to charge, or even be successful if we did, in recovering any money, including how we could prove costs incurred for non-access. TID: March 2022
4.4.1	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.	Medium	Head of Assets/ Head of Housing / Compliance Manager	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. TID: March 2023
4.6.1	A service-specific risk register for Asset Management should be created at the earliest opportunity.	Low	Head of Assets	Being developed alongside SDC Property Team. TID: April 2022

Report Reference	Recommendation	Risk Rating <sup>1</sup>	Responsible Officer	Management Response and Target Implementation Date (TID)
<b>Asbestos Management – 17 November 2021</b>				
Despite a comprehensive review (see Report on this agenda) there are no recommendations arising from the audit.				
<b>Utilities Management – 29 November 2021</b>				
4.2.2	The budgets should be reviewed frequently to monitor variances and to allow for fluctuation in utility prices.	Low	Contract Administrator and Finance Partner	Should be reviewed on an ongoing basis at Finance budget meetings. TID: Complete

Report Reference	Recommendation	Risk Rating <sup>1</sup>	Responsible Officer	Management Response and Target Implementation Date (TID)
<b>Responding to Complaints &amp; FOI Requests – 12 October 2021</b>				
4.2.2	1. The effectiveness of the complaints allocation rota and the process of allocating an officer should be reviewed.	Medium	Corporate Support Team Manager & JMT	<p>Officers to be notified by email they are next on the list (including details of the exemption process). Then telephoned as soon as it is their turn. TID: From October 2021</p> <p>JMT to discuss the challenges faced on workload and the importance of responding to complaints in a timely manner keeping complainants informed with their officers who undertake complaints investigations. TID: By end of November 2021.</p> <p>Chris Elliott to personally write to all Stage 2 investigators on the importance of their work and supporting that if stage 2 complaint comes in for them he knows other work will have to wait. TID: By end of November 2021.</p>
	2. The process of the management of the timeliness of complaints should be reviewed to ensure that they are acknowledged and resolved within the Councils specified timeframes.	Medium	JMT	<p>JMT to discuss the challenges faced on workload and the importance of responding to complaints in a timely manner keeping complainants informed. TID: By end of November 2021.</p>

<b>Report Reference</b>	<b>Recommendation</b>	<b>Risk Rating<sup>1</sup></b>	<b>Responsible Officer</b>	<b>Management Response and Target Implementation Date (TID)</b>
4.5.1	Service area managers should be aware of complaints within their area and manage them effectively to reduce the number of late responses.	Low	JMT  Corporate Support Team Manager	Ensuring that complaints that identify repair issues are logged promptly on receipt of the complaint to be actioned/investigated. TID: When received.  CSteam to introduce monitoring reports of remedies and learning points. Quarterly report to JMT for conformation of work completed (similar process as audit reports) TID: From the next quarter then ongoing on a quarterly basis.
4.6.2	The process of allocating complaints should be reviewed to ensure the responder has received the email and is able to complete the investigation.	Low	Corporate Support Team Manager	See 4.2.2
<b>Estate Management – 18 October 2021</b>				
Despite a comprehensive review (see Report on this agenda) there are no recommendations arising from the audit.				
<b>Leaseholder Service Charges – 19 October 2021</b>				
4.2.2	An income recovery process should be established and followed.	Medium	Landlord Services Manager and Landlord Operations Manager	To create & implement procedure for management and recovery of leaseholder debt. TID: 31 March 2022

<b>Report Reference</b>	<b>Recommendation</b>	<b>Risk Rating<sup>1</sup></b>	<b>Responsible Officer</b>	<b>Management Response and Target Implementation Date (TID)</b>
<b>Car Parking – 11 November 2021</b>				
4.2.1	Inaccuracies in the Fees and Charges report should be corrected.	Low	Parking and Ranger Service Manager	Fees are set in line with recommendations from SMT. TID: 01 May 2022
4.2.1	The website should be updated to accurately reflect the approved charges and timeframes published in the Section 35 notice.	Low	Parking and Ranger Service Manager	Website will be updated at the appropriate time. TID: 01 Jan 2022
4.2.1	Parking information on the Ring-go application should accurately reflect the approved charges and timeframes published in the Section 35 notice.	Medium	Parking and Ranger Service Manager	Ring-go information to be updated accordingly. TID: 01 Jan 2022
4.3.1	Annual parking reports should be published each year. Missing reports should be generated and published on the Council website.	Low	Parking and Ranger Service Manager	Reports to be published. TID: 01 May 2022
4.3.2	Evidence of staff training should be collected in advance of the new Learning Management System being implemented so that managers can confirm all staff have the requisite training and qualifications.	Low	Parking and Ranger Service Manager	Training to be recorded appropriately. TID: 01 Dec 2021
4.3.2	IOSH Working Safely training should be booked for all staff without certificates.	Low	Parking and Ranger Service Manager	IOSH course to be booked accordingly. TID: 01 April 2022

**Appendix 4**

**Current Implementation Position for Recommendations Due for Completion by End of Quarter 3 2021/22**  
**(including those not previously followed up under the previous process)**

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Responding to Complaints &amp; FOI Requests</b>				
The effectiveness of the complaints allocation rota and the process of allocating an officer should be reviewed.	Officers to be notified by email they are next on the list (including details of the exemption process). Then telephoned as soon as it is their turn.	October 2021	Not applicable.	This has now been implemented.
	JMT to discuss the challenges faced on workload and the importance of responding to complaints in a timely manner keeping complainants informed with their officers who undertake complaints investigations.	November 2021	Not applicable.	JMT noted the much improved response times now that a new monitoring system was in place. No further action was considered necessary at this point but Heads of Service would monitor the situation closely.
	The Chief Executive to personally write to all Stage 2 investigators on the importance of their work and supporting that if stage 2 complaint comes in for them he knows other work will have to wait.	November 2021	Yes – revised to 24 December 2021	It will be done by the Christmas break. The work required on the report for the proposed merger has had to take priority over a range of other tasks.
		24 December 2021	Not applicable.	The Chief Executive has written to JMT and all investigating officers.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
The process of allocating complaints should be reviewed to ensure the responder has received the email and is able to complete the investigation.	Officers to be notified by email they are next on the list (including details of the exemption process). Then telephoned as soon as it is their turn.	October 2021	Not applicable.	This has now been implemented.
The process of the management of the timeliness of complaints should be reviewed to ensure that they are acknowledged and resolved within the Councils specified timeframes.	JMT to discuss the challenges faced on workload and the importance of responding to complaints in a timely manner keeping complainants informed.	November 2021	Not applicable.	JMT noted the much improved response times now that a new monitoring system was in place. No further action was considered necessary at this point but Heads of Service would monitor the situation closely.
Service area managers should be aware of complaints within their area and manage them effectively to reduce the number of late responses.	Ensuring that complaints that identify repair issues are logged promptly on receipt of the complaint to be actioned / investigated.	When Received (Follow up at the end of the quarter)	Not applicable.	The procedure in place to be reviewed and a feedback loop to be included to ensure the service managers are aware. In addition education of the process to raise awareness amongst staff and managers.
<b>Statutory Monitoring Functions</b>				
Ensure that the website links to the appropriate set of fees.	Environmental Protection Team Leader to arrange that this is set up with the Website Service Manager.	30 November 2021	Not applicable.	The website has now been amended accordingly.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Test and Trace</b>				
The Council should establish a communications strategy to share the details of the Test and Trace support scheme as widely as possible.	Agreed.	19 November 2021		No response received despite several prompts.
All data relating to applications should be saved in the Test and Trace database.	I do not have the resource to go back and save all the information in the database. (I have contacted ICT to check that the same level of security exists on all servers where T and T information is held.) However, a team member has attended a surgery with the DHSC and, coincidentally, this is a question that the senior policy advisor for the test and trace scheme, raised with his managers. His view is the same as ours i.e. that we should be able to delete the evidence once the claims have been audited and just retain the applications. The Senior Policy Advisor will update us as soon as he receives a response. I will therefore be able to update this recommendation to reflect that - hopefully by the end of the calendar year.	December 2021		No response received despite several prompts.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Utilities Management</b>				
The budgets should be reviewed frequently to monitor variances and to allow for fluctuation in utility prices.	Should be reviewed on an ongoing basis at Finance budget meetings.	Completed	No further response sought.	
<b>Housing Repairs and Maintenance</b>				
The Council's finances could be adversely impacted due to funding unnecessary or sub-standard repair work.	Agreed – post is currently vacant but seeking to recruit in near future.	December 2021	Yes – revised to 30 April 2022	Data Coordinator post has been recruited to. They start on 14/02/2022. The target date has been extended to allow them to undertake the task.
The Council could be held in breach of legislation arising from failure to repair, sub-standard work or unsafe practices.	Records available of jobs closed down as part of COVID restrictions and these will be cross checked against new jobs raised.	December 2021	Yes – revised to 30 April 2022	Letters to be sent in batches to those residents where new jobs have not been raised. To be completed by end of April 2022
The Council could be held in breach of legislation arising from failure to repair, sub-standard work or unsafe practices.	Review of those individuals and services that have access to ActiveH and change access as appropriate.	December 2021	Not applicable.	To mitigate this risk we have implemented the CRM module within ActiveH which enables notifications and tasking to be generated and sent to other users across the platform.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Housing Benefit and Council Tax Reductions (Discretionary Housing Payments)</b>				
Sample testing of changes to universal credit should be undertaken to ascertain if the DHPs need to be amended.	The Benefits and Customer Services Manager will request that the Benefits Team Leaders undertake a percentage check for accuracy. The results should be reviewed after three months to determine whether more in-depth checking is required.	Three months checking takes until December.	No response received despite several prompts.	
<b>Car Parking</b>				
Evidence of staff training should be collected in advance of the new Learning Management System being implemented so that managers can confirm all staff have the requisite training and qualifications.	Training to be recorded appropriately.	1 December 2021	Not applicable.	The new Learning and Development Manager has been launched since 10/01/22 and should enable individual employees to input information on their own training record.
<b>Information Governance</b>				
A review of relevant contracts should be performed where contractor staff have access to Riverside House or other relevant Council properties to ensure that appropriate reference is made to data security.	Contract managers will be asked to review their contracts to ensure that the need for data security has been appropriately considered in each case.	Initial: September 2021 Revised (Q2): 31 December 2021	Yes – further revised to 28 February 2022	Other priorities have meant that the exercise has not achieved the initial target date for all Services and a revised completion date of 28/02/22 has been agreed.

## INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager  
**TO:** Head of Housing Services  
**C.C.** Chief Executive  
Deputy Chief Executive  
Head of Finance  
Business Support Manager  
Housing Strategy & Development  
Manager  
Landlord Services Manager  
Landlord Operations Manager  
Portfolio Holder (Cllr Matecki )

**SUBJECT:** Leaseholder Service Charges  
**DATE:** 19 October 2021

---

### 1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

### 2 Background

- 2.1 Whenever a Council property is sold under Right to Buy (RTB) legislation and the Council retains the leasehold (usually due to the sale of a flat in a block) the leaseholder is liable for service charges. In the main these relate to routine, minor repairs to the building and maintenance charges in respect of communal areas and facilities e.g. cleaning, window cleaning, lighting, grounds maintenance etc.
- 2.2 The estimated income for 2020-21 was circa. £196k. There are currently 616 leasehold properties with annual bills ranging between £33 and £3,147 depending on the nature of the block, the services provided and any charges for major repairs.
- 2.3 In addition, a further £66k is collected at the same time for buildings insurance.

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

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

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

- Financial loss through under recovery of charges.
- Inability to make charges.
- Additional paragraphs where needed.
- Non-compliance with legislation esp. section 20.
- Incorrect charging – invoice error / admin.
- Leaseholder unaware of service charges / poor legal advice / Council not informed of sale of property.

3.3 These were drawn from a combination of risks identified in the Significant Business Risk Register, the departmental risk register, and discussion between the Internal Auditor and the Business Support Manager (auditee).

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:

- To ensure that all people are treated fairly and equally and to manage the Council's resources effectively.

### 4 Findings

#### 4.1 Recommendations from Previous Reports

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

Recommendation	Management Response	Current Status
1 A more regular debt monitoring and recovery regime should be introduced and, where possible, leaseholders should be required to pay regularly in advance in accordance with the lease.	Agreed –implement quarterly reminders for non-payment and actively pursue debt before end of financial year. (Target date December 2018)	This has not been fully implemented. Reminders are issued to the leaseholder, but leaseholder debt is not actively pursued.

## 4.2 **Financial Risks**

### 4.2.1 **Financial loss through under recovery of charges**

There are 616 properties on the leaseholder database mailing list, extracted from the housing system (ActiveH) which stores the details for Council housing and property assets including leaseholders.

When a 'Notice of Transfer' form is received from a solicitor, informing the Council of a change of ownership, the housing team are able to update the information held for that property. When a leasehold property is purchased under the Right to Buy scheme the same process is followed enabling the information held to be updated.

There were 31 changes made to leaseholder details in the last financial year. Seven of them were leasehold properties sold under the Right to Buy scheme, the remaining changes were leaseholder to leaseholder sales. A sample of the properties with changes made within the last financial year were reviewed. All of the sample had a copy of the Notice of Transfer form saved to the file and the relevant changes had been made on ActiveH. Right to buy leasehold properties are kept at an agreed maximum leasehold charge for the first five years after purchasing, this was also documented.

A random sample of leaseholder accounts were reviewed on ActiveH. All of the sample were clearly identified as leaseholders. This prevents some of the repairs which the leaseholder would be responsible for from being carried out and charged to the Council.

### 4.2.2 **Inability to make charges**

The Business Administration Officer calculates the charges for leasehold properties annually by dividing the costs incurred between the number of properties in the block or development. This could be charges for grounds maintenance within a development or specific block related costs such as lift maintenance, which would be split between the number of properties within that block. The charges are calculated annually using a spreadsheet which holds the information for all of the relevant charges incurred. The Business Administration team then manually transfer the charges to ActiveH. The spreadsheet also has a notes section where the officers can find information regarding significant changes to the charge for when potential enquiries may be received from leaseholders querying the change in amount.

A sample of invoices was reviewed and charges matched those calculated on the spreadsheet. When the invoices are run the number produced are checked to ensure they match the number of leasehold properties registered on the list.

In most cases invoices are set up to be paid by direct debit preventing unpaid sums. Accounts that are in debt are reviewed regularly by the Business Administration team who issue the leaseholder with reminders to pay. Other than the reminders there is currently no process in place for the recovery of charges. This was highlighted in the previous audit. Although the Council has

an income recovery team, they currently only recover income for rent. Leaseholder service charges are not actively recovered.

At the end of the financial year (March 2021) there were 80 leaseholder accounts in arrears of £10 or over. The total debt of these accounts at that time was £37,996.

## **Recommendation**

**An income recovery process should be established and followed.**

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

#### **4.3.1 Non-compliance with legislation esp. section 20**

The main legislation in place is the Section 20 Consultation legislation which manages one-off costs. The consultations must happen where leaseholder contributions are expected to be over £250 per leasehold property; VAT must be included within the estimated cost. There is information about the Section 20 Consultation legislation available at The Leaseholder Advisory Service website. This provides in-depth details of what landlords need to consult with leaseholders about and what works qualify for consultation. Non-compliance with the legislation limits the ability to recover costs from the leaseholders towards the cost of the works or service.

The legislation has three stages: Pre-tender, Tender and Award of Contract. These stages provide leaseholders with the details of the work or service required and the opportunity to comment on the proposal at every stage. The Leaseholder Advisory Service website provides letter templates to ensure all notices and proposals contain the legally required information.

A sample of leaseholder consultation documents was reviewed. The pre-tender letters issued included the required information and stated a consultation timeframe. Tender and award of contract letters also included estimated / confirmed costs and the repayment period. All letters viewed quoted the legislation and relevant contact details for queries.

There is a leaseholder handbook available which documents the relevant legislation and processes for leaseholders and the Council. It also provides additional information and contact details for the leaseholders should they require it.

### **4.4 Reputational Risks**

#### **4.4.1 Incorrect charging – invoice error / admin**

Once the charges have been calculated for the leasehold properties and input onto ActiveH the invoices can be issued to the leaseholders. Invoices are produced through an automatic mail merge function and a copy is saved in a file for the relevant year. Samples were reviewed and properties were invoiced the correct amount according to the calculated sum on the spreadsheet.

The complaints procedure is set out within the leaseholder handbook, should there be an issue with the invoice or service provided. The complaints process followed is the standard Council complaints procedure. Only one complaint from a leaseholder could be identified, as this was more than 2 years old and regarding a repair issue it was not felt to be relevant for the audit.

#### 4.5 **Other Risks**

##### 4.5.1 **Leaseholder unaware of service charges / poor legal advice / Council not informed of sale of property**

There are a number of opportunities to make sure a leaseholder is made aware of any charges. This includes information from their solicitor when they initially look at purchasing the property, when the annual invoice and statement regarding fees are issued and, when invoices are unpaid, the reminders of which are sent out. In addition to these there is also information available on the Council's website.

When a property is sold, either through the Right to Buy scheme or leaseholder to leaseholder sales, the solicitor should get in touch with the housing team to inform them of the potential sale of the property so the team can pass on all relevant charges and information including any proposed work and the related charges. This ensures that the buyer will have all of the relevant information regarding the true costs before purchasing the property.

The Housing Services Risk Register recognises that there are risks involved with leasehold properties and has some controls in place to help manage them. The main risk is identified as "Failure to adequately manage leaseholders"; controls include working with the tenants and complying with the Section 20 legislation. There is no risk identified for the loss of income through non-payment of leaseholder invoices.

There is a large amount of information and guidance available for leaseholders on the Council's website. This includes information of what the service charge might cover and an example statement showing the breakdown of the charges. The website provides a facility for leaseholders to pay their charges securely using an online link.

The information available also includes the Section 20 Consultation legislation and sets out the Council's duty to follow it when charges / contributions towards works will be more than £250. There are a number of other relevant pages with information for leaseholders including: repairs and alterations, selling your home and insurance.

The guidance available informs the leaseholders that they must seek permission from the Council before selling their home and properties purchased after 18th January 2005 through the Right to Buy scheme must be offered to the Council first. A link to the current leaseholder handbook (2018) is also provided.

## 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 Leaseholder Service Charges are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

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

5.3 An issue regarding the collection of debt was identified which requires further action.

## 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 Leaseholder Service Charges - October 2021

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2	Financial Risk	An income recovery process should be established and followed.	Medium	Landlord Services Manager and Landlord Operations Manager	To create & implement procedure for management and recovery of leaseholder debt.	31 March 2022

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

High: Issue of significant importance requiring urgent attention.

Medium: Issue of moderate importance requiring prompt attention.

Low: Issue of minor importance requiring attention.

**FROM:** Audit and Risk Manager

**TO:** Chief Executive

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

**SUBJECT:** Responding to Complaints  
and FOI Requests

**DATE:** 12 October 2021

---

## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 Complaints and freedom of information requests received are responded to by various Council staff. The process helps to support transparent governance and enables the democratic process.

## 3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management controls in place.
- 3.2 This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has been in place by WDC Internal Audit since only the start of this financial year following an external review of the function.
- 3.3 In terms of scope, the audit covered the following risks:
- The legislation in place for complaints and freedom of information requests is not followed.
  - Services do not respond to complaints or information requests within the time frame or at all. (As well as the potential for legal and regulatory risks this risk may also impact the Councils reputation.)

- Loss of data.
- Complaints procedure not followed.
- Incorrect information shared or shared to the wrong people / unauthorised disclosure.
- Complaints regarding maintenance or repairs not followed up could result in injury or further damage.
- Staff are not trained, do not have the appropriate tools available or there is communication failure leading to them providing information or advice that is incorrect.
- Availability of staff.

3.4 These were drawn from a combination of risks identified in the Significant Business Risk Register, the departmental risk register, and discussion between the Internal Auditor and the Democratic Services Manager (the auditee).

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

- This service acts as an enabler for others to deliver their aspects of FFF.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 This is the first audit of this subject area so there are no previous findings.

### 4.2 Legal and regulatory risks.

#### 4.2.1 The legislation in place for complaints and FOI requests is not followed.

Warwick District Council has a clear information governance framework in place along with numerous policies relevant to complaints and information requests. Along with a complaints policy, other relevant policies include data protection and privacy, information access and rights, record management and information security incident management. The policies ensure that all relevant legislation is considered such as: Data Protection, Privacy and Electronic Communications Regulation and the Common Law of confidentiality.

The policies are clear and set out the expectations of the Council and, where relevant, the customers. The main complaints policy details timescales and escalation processes should the complaint fail to be resolved to a satisfactory level.

The main website features details regarding Freedom of Information (FOI) and environmental information requests. There are links available to access relevant forms and to read the policies in place.

4.2.2 **Services do not respond to complaints or information requests within the time frame or at all. (As well as the potential for legal and regulatory risks this risk may also impact the Councils reputation.)**

The timeframe to respond to complaints is easy to locate within the policy as well as being published on website. Both sources provide the same information regarding the timescales: Three working days to acknowledge the complaint and 20 working days to provide a response.

The complaints received for this financial year so far total 24 at stage one and four at stage two.

The review of the complaints showed that thirteen (54%) of the stage one complaints took over three working days to acknowledge, one of which took 56 days due to the complaint email being redirected incorrectly to junk mail by the spam filter. This particular complaint had then been sent to the Ombudsman, after not receiving a reply within the specified timeframe. The Ombudsman had contacted the Council for further information and had to chase for a response almost two months later. It then took a further six days to acknowledge the complaint after the chaser email from the Ombudsman. Other late acknowledgements were not as long, taking between four and sixteen days, with the average falling at eight working days (after removing from the statistics the complaint that took 56 days to acknowledge).

The length of time taken to issue a response is also poor with 18 of the 24 receiving a response after the 20-working day timeframe. In other words, 75% were late. In most cases an extension of time had been sought, but not in all. Often this was due to the case being allocated late to an investigating officer. The review identified that there is a common theme of investigating officers not responding to the requesting email or staff being on leave causing a delay in the case being allocated. In some cases, this meant that the investigation officer only received the case a few days before a response was due to be issued.

A review of the four complaints received at stage two was also completed. All of them were acknowledged after three working days, although they had previously been investigated and responded to at stage one. Only two of the stage two complaints have been issued a response so far, with both of these taking well over 20 days (44 and 53 working days).

A selection of Council staff has received complaints training and are added to a rota of Investigating Officers. Although the most recent copy (2016) lists 40 Council staff as investigating officers, several of those listed no longer work for the Council. There is also a stage two rota which lists 22 Council staff as Investigating Officers. This rota, dated March 2021, lists the staff member name, when they last carried out a complaints investigation and a notes section. Although the rota is dated March 2021 the most recent update was added in October 2020.

Investigating Officers are emailed using the list to determine the Officer next in line to carry out an investigation. The email states a timeframe in which they need to respond to the complaint so staff can prioritise the case accordingly.

FOI and Environmental Information requests (EIR) were also reviewed. From 1 January 2021 to 12 August 350 requests had been received. The Council's webpage confirms that the timeframes are two working days to acknowledge the complaint and 20 working days to complete the investigation and respond to it.

On review of the requests, 104 (30%) took more than two working days to acknowledge and 52 (15%) took over 20 days to issue a response. Nineteen have not yet been responded to although none is late as of the 12 August. A total of 54 were either refused or only part disclosed.

Statistics from over the last two years had been compiled and shared as part of the audit. They show that for the financial years 2019-20 and 2020-21 responses to stage one complaints have been below the response timeframe target of 90%. The statistics are produced for each quarter, with the lowest showing that around 20% of complaints were responded to on time and the highest at just over 70%.

The statistics shared break down the responses to service areas, showing that there are concerns with all service area response times. There are particular concerns with one service area when it comes to responding to FOI requests with only 1 in 3 requests responded to on time. Responses are below the ICO-expected performance rates which are at least 90%. Statistics show that other services' response rates are between 84% and 87%.

## **Recommendations**

- 1. The effectiveness of the complaints allocation rota and the process of allocating an officer should be reviewed.**
- 2. The process of the management of the timeliness of complaints should be reviewed to ensure that they are acknowledged and resolved within the Council's specified timeframes.**

The above recommendations would have also applied to FOIs and EIRs. However, a new system is currently being rolled out to manage the requests. The system allows a more streamlined approach to the requests process ensuring that the request is allocated and managed promptly. It will automatically send regular reminders to staff to respond. The training has already begun and the roll-out will begin within the next few weeks. A walkthrough test was carried out with the auditor concluding that the system is easy to navigate and use with on-screen reminders to all users highlighting where responses are still outstanding. The system calculates the 'respond by' date automatically and factors in a five-day buffer allowing time for CST to review the response before issuing it.

### **4.3 Reputational risks.**

#### **4.3.1 Loss of data.**

A sample of requests was reviewed where there had been a partial disclosure, or the information request had been refused. Refusal was due to various

reasons such as the Council not holding the information, unclear request, information not able to be shared due to its sensitive nature, other legislation preventing the information being shared, or the request being anticipated to take an unreasonable amount of time to respond to. The reasons provided for partial disclosure or refusal are clearly explained in the response. No negative responses from the requester could be found.

On discussion with staff cases were mentioned where working from home has prevented the team from redacting information or where the lack facilities or resources available meant the information request could not be printed and issued as part of the response. These issues meant only a partial response could be issued as full disclosure could have breached other legislation. The Democratic Services Manager (DSM) confirmed that the issues had arisen due to the working restrictions in place. Where staff would normally redact a document by printing and scanning an edited document, preventing the redactions from being reverted, this has not been possible for staff homeworking.

Requests are checked by another staff member and signed off before being issued. This helps to prevent sharing of data that isn't relevant or breaches legislation, as well as preventing it being shared with the wrong recipient.

#### 4.3.2 **Complaints procedure not followed.**

The documents regarding the complaints procedure are readily available for staff on the intranet. They are clear and easy to understand, with templates and checklists available as guidance. The information governance manager is also able to provide support, as needed, when there is a disclosure or legislation query or when an information request has been received.

When an FOI request or complaint is received it is allocated to an investigating officer. The investigating officer is emailed the request and is informed of the timescale in which a reply is required. All staff involved in responding to Complaints and requests have access to the intranet, including when working from home. This enables them to follow the advice provided and use the templates provided.

#### 4.4 **Fraud risks.**

##### 4.4.1 **Incorrect information shared or shared to the wrong people / unauthorised disclosure.**

The Learning and Development Officer reported that 33 members of staff attended the complaints training held at the start of this year. There were also six sessions run on FOI requests, with a total of 91 WDC staff attending the live session. All the FOI sessions were recorded so staff can access them as required.

Several staff involved in the initial and key stages of processing complaints and FOI were interviewed. This included corporate support staff, systems staff, and managers. All staff were aware of the relevant timescales and knew where to find information and templates when needed. All staff knew who to contact if they were unsure about sharing data or information.

The guidance and templates available follow the Council's policies and incorporate the relevant legislation regarding data protection and sharing of information.

As well as the provision of training, templates and guides, together with checklists and support from the information governance manager, responses are also signed off by a senior manager before being issued to confirm that the information provided is appropriate and that the response and the recipients meet the requirements of disclosure.

#### 4.5 **Health and safety risks.**

##### 4.5.1 **Complaints regarding maintenance or repairs not followed up could result in injury or further damage.**

Six complaints were identified as repair or maintenance complaints within the current year. Half of them were acknowledged within three working days. Only one of the six was resolved within twenty working days whilst the longest took 98 days to resolve. What often happens is that whilst the complaints are being reviewed and managed, further issues arise. This adds more complaints to existing ones. This often applies where repairs or maintenance work is completed to resolve the complaint, but not to a satisfactory standard, leading to further complaints.

Although the repairs or maintenance issues exposes the complainants to minimal physical health and safety risks, chasing the status of the repairs and complaint is often stressful and mentally draining for the complainant. This is clear in the correspondence between them and the investigating officers.

#### **Recommendation**

**Service area managers should be aware of complaints within their area and manage them effectively to reduce the number of late responses.**

**The recommendations at 4.2.2 are also relevant for this risk.**

#### 4.6 **Other risks.**

##### 4.6.1 **Staff are not trained, do not have the appropriate tools available or there is communication failure leading to them providing information or advice that is incorrect.**

The staff involved in responding to complaints and FOI requests receive training every two to three years. Support is provided by the Information Governance Manager and information, guidance, and templates are available on the intranet. New complaint investigators are mentored through their first investigations by the DSM.

Complaints training was last undertaken early in 2021, run by the Local Government and Social Care Ombudsman, with 33 staff in attendance. There

was also a brief training session undertaken explaining the follow-up and buddy system for new level 2 handlers.

Training for FOI requests is carried out by the Information Governance Manager. This is completed on a regular basis to ensure any updates to legislation are included. Six sessions were recently undertaken covering different aspects of requests. The sessions were recorded and are available to all staff on the intranet. 91 staff from the Council attended the live sessions.

As part of the audit, several staff who frequently manage the allocation of requests and complaints were consulted with. All of them were able to confirm that they had received training and provide details on where they would find further guidance should they need it. All of them commented that they would get in touch with the Information Governance Manager if they had concerns or questions.

#### 4.6.2 **Availability of staff.**

A rota for Complaints Investigation Officers for Stage One Complaints was last updated in 2016. Since then, however, several staff have left. There is also a rota in place for Stage Two Complaints, dated as March 2021. It requires staff to update their availability. However, no dates of when the updates are valid from and until are recorded so it is unclear whether they are available or if the "unavailable" status still applies.

When a complaint is received a staff member on the rota is emailed and given a length of time to confirm acceptance of the case; this is usually a week. If the staff are taking annual leave, sick leave or do not reply, the case is passed to another member of staff. The complaint is often not acknowledged until an officer has accepted the case to allow a point of contact to be given. The downside of this process is that it causes delays both when acknowledging and when allocating the complaint. This is evident when reviewing the statistics.

FOI requests follow a similar process when allocated to an appropriate staff member. When reviewing the FOI requests, it was noted that there is a frequent lack of response from some service areas or late acknowledgements to the email. This results in late responses to the request. This should be reduced once the new system for requests has been fully implemented.

#### **Recommendation**

**The process of allocating complaints should be reviewed to ensure the responder has received the email and is able to complete the investigation.**

**The recommendations at 4.2.2 are also relevant for this risk.**

## 5 **Conclusions**

- 5.1 Following our review, in overall terms we are able to give a MODERATE degree of assurance that the systems and controls in place in respect of

Responding to Complaints and FOI Requests are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The auditor noted that should a system similar to the FOI system be used for the management of complaints, or actions be implemented which resolve the recommendations the risks could be reduced or removed entirely which should result in a substantial level of assurance.

5.3 The assurance bands are shown below:

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

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

- The allocation rota and process in respect of allocating complaints.
- The time taken to acknowledge and respond to complaints.
- Service area management of responding to complaints and requests.
- The process of allocating complaints.

## 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 Responding to Complaints and FOI Requests – October 2021

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2	Legal and Regulatory Risks. Services do not respond to complaints or information requests within the time frame or at all. (As well as the potential for legal and regulatory risks this risk may also impact the Councils reputation.)	1. The effectiveness of the complaints allocation rota and the process of allocating an officer should be reviewed.	Medium	Corporate Support Team Manager & JMT	<p>Officers to be notified by email they are next on the list (including details of the exemption process). Then telephoned as soon as it is their turn.</p> <p>JMT to discuss the challenges faced on workload and the importance of responding to complaints in a timely manner keeping complainants informed with their officers who undertake complaints investigations.</p> <p>Chris Elliott to personally write to all Stage 2 investigators on the importance of their work and supporting that if stage 2 complaint comes in for them he knows other work will have to wait.</p>	<p>From October 2021</p> <p>By end of November 2021.</p> <p>By end of November 2021.</p>

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
		2. The process of the management of the timeliness of complaints should be reviewed to ensure that they are acknowledged and resolved within the Councils specified timeframes.	Medium	JMT	JMT to discuss the challenges faced on workload and the importance of responding to complaints in a timely manner keeping complainants informed.	By end of November 2021.
4.5.1	Health and Safety Risks. Complaints regarding maintenance or repairs not followed up could result in injury or further damage	Service area managers should be aware of complaints within their area and manage them effectively to reduce the number of late responses.	Low	JMT  Corporate Support Team Manager	Ensuring that complaints that identify repair issues are logged promptly on receipt of the complaint to be actioned/investigated.  CSteam to introduce monitoring reports of remedies and learning points. Quarterly report to JMT for conformation of work completed (similar process as audit reports)	When received.  From the next quarter then ongoing on a quarterly basis.
4.6.2	Other Risks. Availability of staff.	The process of allocating complaints should be reviewed to ensure the responder has received the email and is able to complete the investigation.	Low	Corporate Support Team Manager	See 4.2.2	See above.

\* 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 Assets  
**C.C.** Chief Executive  
Deputy Chief Executive  
Compliance Manager  
Compliance Team Leader  
M&E & Energy Officer  
Head of Finance  
Portfolio Holder (Cllr Matecki)

**SUBJECT:** Utilities Management  
**DATE:** 29 November 2021

## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 Utilities management covers the management of energy and water used by and billed to the Council. Previously audited as Energy Management this is the second audit of Utilities Management.
- 2.2 The budget for the current financial year for the supply of utilities is £1,127,300, broken down as:

	£
Electricity	642,600
Gas	191,600
LPG	82,100
Biomass	19,200
Water (metered)	174,600
Water Rates	17,200

- 2.3 Biomass is currently used in three properties (Oakley Wood Crematorium, Tannery Court, and Sayer Court), with LPG used only at the Crematorium.

## 3 Objectives of the Audit and Coverage of Risks

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

WDC Internal Audit since only the start of this financial year following an external review of the function.

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

- Excessive cost through poor purchasing arrangements and uncontrolled utilities usage.
- Inflation of fuel prices are not considered when setting budgets resulting in additional spending from the general fund.
- Non-compliance with Heat Network (Metering & Billing) Regulations 2014 and/or Energy Act 2010.
- Adverse publicity due to inappropriate procurement practices.
- New builds found to be energy inefficient.
- Utilities not managed in line with the Councils Climate Emergency Agenda.
- The 'thermal comfort' of staff at work is not met, leading to a breach of the Workplace (Health, Safety, and Welfare) Regulations 1992 and other relevant legislation.
- Loss of utilities supply (e.g. through non-payment of bills).

3.3 Potential risks were also identified in the Significant Business Risk Register, the departmental risk register, and discussion between the Internal Auditor and the Mechanical and Electrical and Energy Officer.

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 management of utilities usage falls under a number of different corporate priority 'themes' of the Fit for the Future strategy. The internal Money aspects are directly affected by the appropriate procurement of utilities supplies and the billing / recharging for usage, whilst the external People aspects are indirectly affected, with health and housing related needs being impacted by the provision of appropriately managed utilities resources.

## 4 Findings

### 4.1 Recommendations from Previous Reports

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

	<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
1	Utility related budget lines with large variances should be reviewed to ensure future budgets are more closely aligned with actual expenditure, with the Jubilee House budget	Budget codes will be reviewed for the new financial year and the change required for Jubilee House enacted.	Fuel oil has been removed from the budget at Jubilee House. The budgets are more aligned with the previous expenditure and predicted costs.

	<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
	being amended to remove the fuel oil budget and include a budget for gas.		
2	The saving included in the FFF Change Programme in relation to energy costs (FFF3) should be reviewed to identify whether this is achievable, with the change programme being amended if required.	The Head of Finance has agreed that base year for savings is 2020/21. Assets is drawing up a project plan and looking to use data from DEC and also from external advisers to look at energy saving proposals. These will need to tie in to the recent Climate Change resolution. Head of Finance is aware that there may be some investment budget required to generate energy revenue savings.	Energy savings are considered within the climate agenda. Investments into sustainable energy is thoroughly reviewed comparing the potential savings against the costs.
3	A decision should be taken as to whether AMR or 'smart meters' should be installed for all relevant utilities supplies at relevant Council properties.	An options appraisal report will be prepared for consideration by CMT.	All properties which require a meter have had one installed. There are a number of properties which don't require the installation of meters but they have had one installed to allow energy monitoring to be carried out.
4	The utilities providers should be advised that accounts should be arranged with the relevant tenants, with the tenants being reminded of the terms of their leases with regards to utilities payments.	We will ensure that, going forwards, tenants are required to pay for utilities used.	There were no invoices identified where the Council were paying for tenant's accounts.
5	A decision should be taken as to whether monies paid by the Council in relation to utilities previously used by these tenants should be recovered from them.	We will look at individual leases to establish if recovery of earlier monies paid is possible.	A recent leaseholder audit review established that tenants are charged a portion of the utility costs within their leaseholder charges.

	<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
6	A review of water charges at cemetery lodges should be undertaken to ensure that tenants are being treated equally.	The existing tenancy agreements for the cemetery lodges will be reviewed and legal advice sought on the potential to vary current agreements to rationalise water charging. If this is not possible a revised charging regime will be implemented when a tenancy changes.	This is included as part of the tenancy agreement review project. The Landlord Services Manager is due to have a draft ready by the end of March 2022.

## 4.2 **Financial Risk**

### 4.2.1 **Excessive cost through poor purchasing arrangements and uncontrolled utilities usage.**

The budgets were reviewed for the various utilities used by the Council. Variances were noted for metered water, where 84% of the budget had been spent, and rated water, where 110% of the budget has been spent. Electricity at Sayer Court is also overspent by 8% of the total budget. Other spending is within the expected amount of the budget set for the year to date.

The budget has been based on the previous year's spend with an additional amount added to allow a fluctuation in prices of utilities.

The Council's Business Strategy document mentions cost saving but not directly for utilities. The Climate Change programme reflects on the use of renewable utilities. This is covered below at para. 4.3.3.

Utility usage is monitored through the use of meters installed at various Council properties with the consumption being reviewed on a monthly basis by the M&E and Energy Officer. The data for the total consumption per month is held for a couple of previous years which allows a basic method of monitoring the usage at the various locations. The building management system in place doesn't provide a monitoring function but is a method of controlling the utilities used. There is not the metering infrastructure in place to enable a breakdown of consumption within each building. Some sites require half hourly metering by law if their consumption meets a designated set point (100,000kWh of electric per annum). There are thirteen Council properties which meet this condition including Riverside House, Royal Spa Centre, The Royal Pump Rooms and a number of car parks and sheltered housing sites.

### 4.2.2 **Inflation of fuel prices are not considered when setting budgets resulting in additional spending from the general fund.**

The budgets were reviewed and were compared to the previous two years' spend. The budgets were all set at amounts similar to the spend from the

previous two years with an amount added to account for inflation. As fuel prices are frequently changing it is difficult to predict the budget in advance.

No information was provided for the audit regarding the frequency of budget meetings. The budgets for gas and water exceed the contracted amount so this may need to be reviewed and the terms updated.

### **Recommendation**

**The budgets should be reviewed frequently to monitor variances and to allow for fluctuation in utility prices.**

## **4.3 Legal and Regulatory Risks**

### **4.3.1 Non-compliance with Heat Network (Metering & Billing) Regulations 2014 and / or Energy Act 2010.**

Public authorities must have a Display Energy Certificate (DEC) for a building if all the following apply:

- It is at least partially occupied by a public authority (e.g. council, leisure centre, college, NHS trust).
- it has a total floor area of over 250 square metres.
- it is frequently visited by the public.

DECs show the energy performance of public buildings. The ratings range from A-G with A being the most efficient. DEC's last between one and ten years depending on the size - the larger buildings lasting for one year. The DEC must be displayed in a prominent place visible to the public near to the entrance of the building. The Council could be fined £500 if the certificate is not displayed.

There are currently sixteen Council properties and four facilities contracted out which are listed as having 250 square metres of usable floor area. Anything with a usable floor area of less than 550 square meters requires a new certificate every ten years; sites with more than 500 square meters require an annual renewal.

A review was completed of the certificates held. Six of the sites had DEC's which had recently expired. The new certificates were being processed and a sample was able to be viewed. Once completed they will be added to the relevant folder and printed and placed on display in the appropriate location.

There was only one recently-produced recommendation report held. Recommendation reports are not completed every time a certificate is renewed. There are currently no outstanding actions being undertaken to address previous energy report recommendations.

All DEC's are published on a government managed website for all public properties. A review was completed and the up-to-date DEC's were located for properties managed by Warwick District Council.

Physical copies are put on display at the relevant council buildings. This could not be fully checked due to Covid restrictions in place but the M&E and Energy Officer was able to inform the auditor of their location. As hybrid working had recently been introduced the DEC was able to be viewed at Riverside House.

As mentioned at para. 4.2.1, to meet compliance the Council are required to have half-hourly metering installed at a number of sites as their consumption is high enough to meet the threshold.

#### 4.4 **Reputational Risks**

##### 4.3.1 **Adverse publicity due to inappropriate procurement practices.**

There are four contracts in place, covering gas, electricity, liquid petroleum gas (LPG) and biomass fuel. The procurement of the energy contracts was reviewed at the last audit where it was found that they had been procured correctly following the Council's procurement policy. A further review has not been completed this time.

The contract for LPG has been renewed in the current financial year, agreed through the ESPO framework. The contract runs until June 2022 and is held by Calor Gas. Calor Gas do not enter into longer contracts due to the fluctuations in cost. The contract value is £246,300.

There is no contract in place for the supply of water. As the only water provider in the district, Severn Trent invoices the Council for both metered water and rated.

##### 4.3.2 **New builds found to be energy inefficient.**

The utility use is considered when planning new build Council buildings to ensure they are as energy efficient as possible. For example, recently approved plans for a local leisure centre show that energy usage and efficiency was considered throughout the planning decisions. With an aim to be net zero carbon (operationally) a number of energy options had been explored and reviewed for initial outlay and savings as well as considering the suitability of the location of the centres. The options include simple changes such as LED lighting, metering as well as more sustainable energy sources such as PV panels and air source heat pumps.

Current plans are being worked on for a community stadium. Rather than just offsetting the carbon these plans are looking at embedding carbon within the build of the stadium. Sustainable transport methods will be encouraged to reduce the need for car parking facilities. The feasibility of various alternative heating options will also be reviewed for their suitability at the location, with the intention to reduce the need for utilities as well as ensuring the heat source is energy efficient.

#### 4.3.3 **Utilities not managed in line with the Council's Climate Emergency Agenda.**

The Climate Change Programme was written in 2020 but, due to the pandemic, the adoption of it was delayed until July 2021. Since its adoption there have been no new utility contracts agreed in which the relevant actions could be embedded.

Within the Climate Change Programme there are targets which impact utilities. These include energy audits, metering, voltage optimization, energy loss reduction, conversion to LED and installation of solar or PV panels where suitable. Although there have been no new contracts implemented, the targets and measures are monitored and reported frequently. Where possible, lighting is being changed to LED bulbs and new buildings are reviewed for the suitability of other energy saving methods.

#### 4.5 **Health and Safety Risks**

##### 4.3.1 **The 'thermal comfort' of staff at work is not met, leading to a breach of the Workplace (Health, Safety, and Welfare) Regulations 1992 and other relevant legislation.**

The building management system allows the energy team to remotely monitor and control the temperatures in the buildings where staff work. A demonstration of the system to the auditor showed that the temperature of RSH was set to 21 degrees and had reached an ambient temperature of 19.1 degrees. The system adjusts the flow and temperature output based on the external temperature, managing the internal temperature to be maintained at what is considered to be a comfortable level for the majority of staff.

Energy costs over the last 18 months are expected to be higher due to the changes and adjustments needed to the systems so they are able to operate effectively whilst reducing Covid risks. This systems in some of the buildings now only use air from outside rather than recirculating it. To maintain a comfortable temperature this means more energy will be used to heat or cool the air (depending on the outside temperature).

The building management system operates in the main Council properties, such as Riverside House, Royal Pump Rooms, the Town Hall and Royal Spa Centre as well as housing sites such as Sayer Court and Tannery Court. The costs are higher at the RPR due to the system needing to also maintain a precise level of humidity to protect the artwork.

There are three staff members who have access to the building management system. One of them has view-only access, allowing them to log in daily in the morning to identify any faults. Another has the ability to turn the heating off and on and the third had full access allowing them to adjust the settings and to set up schedules for the heating, cooling, air handling and lighting.

The temperature is set to 21C at sites, which has been a long-standing agreed setting. The building managers provide a timetable when they expect staff to be present to allow the heating to be active whilst the building is in use.

The building management system is provided and maintained by SER-TEC Systems who also have remote access. They provide training on how to use the system to one main operator who can then provide basic training to other staff members.

Information is readily available to staff to help them to manage and reduce their energy use when working from home. This has included a webinar and tips posted on the big buttons on the intranet. There is a standard page within the sustainability pages which provides information to staff to help to reduce the impact they have on the environment with ways to manage their electric and gas usage and therefore reduce costs.

4.5 **Other Risks**

4.3.1 **Loss of utilities supply (e.g. through non-payment of bills).**

A sample of bills for the utilities was reviewed. All the bills in the sample had been paid in a timely manner and where costs were across multiple locations the invoice had been recharged appropriately to the correct cost code.

The costs associated with each property could be easily identified on all of the bills where either a meter reading had been completed or estimated. The bills show all Council properties including flats and assisted living blocks with communal areas.

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 Utilities Management are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

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

5.3 One issue was identified that involved budget monitoring and setting.

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 Utilities Management – November 2021

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2	Inflation of fuel prices are not considered when setting budgets resulting in additional spending from the general fund.	The budgets should be reviewed frequently to monitor variances and to allow for fluctuation in utility prices.	Low	Contract Administrator and Finance Partner	Should be reviewed on an ongoing basis at Finance budget meetings.	Completed

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

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

**FROM:** Audit and Risk Manager  
**TO:** Head of Assets  
**C.C.** Chief Executive  
Deputy Chief Executive  
Head of Finance  
Compliance Manager  
Compliance Team Leader  
Compliance Administrator  
Portfolio Holder (Cllr Matecki)

**SUBJECT:** Asbestos Management  
**DATE:** 17 November 2021

---

## 1 **Introduction**

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 **Background**

- 2.1 The Council has a statutory duty to manage risks from asbestos (actual and potential) for the whole of its portfolio of residential, commercial and operational properties.
- 2.2 Following a competitive tendering process contracts for asbestos survey and testing (Tersus), and asbestos removal (Shield) were let for an initial period of five years effective from September 2015. Both contracts were extended formally for a further 3 years and remain in force at the time of this report.

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

- 3.1 The audit was undertaken to test the management and financial controls in place. This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has been in place by WDC Internal Audit since only the start of this financial year following an external review of the function.
- 3.2 In terms of scope, the audit covered the following risks:
- Overpayments to contractors.
  - Fines due to breaching statutory duties.
  - Breach of control of asbestos regulations and / or other legislation relevant to the Council as landlord and commercial property owner.

- Adverse publicity arising from incidents of asbestos exposure.
- Contractor dishonesty. For example: wilful failure to fully undertake surveys / works charged for, duplicate charging etc.
- Asbestos exposure risking health of tenants, leaseholders, employees and / or contractor's operatives.

3.3 Potential risks were also identified in the Significant Business Risk Register, the departmental risk register, and discussion between the Internal Auditor and the Compliance Manager, Compliance Team Leader and the Compliance Administrator.

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 management of asbestos helps the Council to achieve its objectives under the external People and Services strands of Fit for the Future with regards to ensuring that there are healthy home and safe public buildings.

## 4 Findings

### 4.1 Recommendations from Previous Reports

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

	<b>Recommendation</b>	<b>Management Response</b>	<b>Current Status</b>
1	The Contracts Administrator (Asbestos) should be consulted during the planning stages of all housing works projects.	Agreed – will be taken forward as part of the Asset restructure.	Consultation is completed when there is planned works to prevent duplicate surveys being raised.
2	The contractors should be requested to provide annual evidence of their insurance cover, with the request being timetabled in line with the policy renewal dates.	Agreed – will be taken forward as part of the Asset restructure.	Requested annually on their renewal dates, a reminder is recorded in the relevant staff member's diaries. Up-to-date insurance certificates were available for the audit.
3	Entries should be included on AssessNet for other (relevant) corporate buildings and for staff that may come into contact with asbestos containing materials during their day-to-day work.	Agreed but needs ITC support to develop AssessNet to accommodate Asbestos Survey.	Asbestos management surveys are completed and an annual re-inspection programme is in place to review where any asbestos has previously been found.

## 4.2 **Financial Risk**

### 4.2.1 **Overpayments to contractors.**

A budget review was carried out across the four main budget codes associated with asbestos management. The spent funds for three of the codes were well within the expected budget for the year so far. One budget code was over-spent by eleven percent. This was due to a recent need for refurbishment surveys to be completed as part of the housing improvement programme. The programme included fire prevention and climate emergency improvement works which required asbestos surveys to be carried out before the works could be completed. When budget setting, these additional survey costs had not been incorporated as the budget was based on historical survey requirements; the additional costs will be accounted for when the work has been completed and recharges have been calculated appropriately. Budgets are reviewed monthly by the Compliance Manager and a Principal Accountant. Any variances are identified and discussed.

A sample of invoices was reviewed. Charges were found to be in line with the agreed schedules. The invoices had been saved to Total and payments had been made in a timely manner.

The work carried out and charged for is checked by the repairs team and the Compliance Administrator. Additional checks are completed on notifiable asbestos removal works as they cannot be carried out without Tersus being present to monitor the air quality. This ensures the work is carried out to the appropriate standard.

### 4.2.2 **Fines due to breaching statutory duties.**

Software provided by Tersus is used to manage the asbestos surveys and information regarding Council-owned properties. All relevant staff have access to the system, including the repairs team and contractors.

The roles and the responsibilities for staff are clearly set out in the asbestos management plan in place ensuring that asbestos is managed safely and in line with statutory duties.

Council tenants receive a tenancy pack when signing a tenancy. This includes information about surveys that have been completed and any known asbestos within the property. Leaseholders are also provided with the relevant information for their property. This provided the tenants and leaseholders with information about asbestos at their property and details on what to do if they have concerns.

Surveys are available to view on the software provided by Tersus allowing contractors, housing and repair staff to ensure that when a repair is carried out the appropriate measures can be taken to prevent exposure.

### 4.3 **Legal and Regulatory**

#### 4.3.1 **Breach of control of asbestos regulations and / or other legislation relevant to the Council as landlord and commercial property owner.**

An asbestos management plan is in place. The plan was updated in 2020 and reviewed in July 2021. It sets out the responsibilities, roles of staff and the organisation structure. It details how asbestos should be labelled and managed and how frequently checks and surveys should be completed. There is also detailed information about notifiable asbestos and the process to follow. It is recommended that the plan be reviewed annually, although the review dates show that it has been reviewed every 6 months by the Compliance Administrator.

Inspections are completed annually at properties (both corporate and rented) where there is a known presence of asbestos or asbestos has previously been identified. Prior to any works being completed asbestos surveys are carried out and logged onto the software provided by Tersus. Where works are carried out following the asbestos survey, follow-up surveys are completed and the file updated detailing the work carried out and the re-inspection details.

There is not a formal removal programme in place as the Health and safety Executive (HSE) recommends that asbestos is left in place, monitored, managed and removed as appropriate.

### 4.4 **Reputational Risks**

#### 4.4.1 **Adverse publicity arising from incidents of asbestos exposure.**

All records of asbestos surveys, inspections and works regarding Council-owned properties are stored in one place. The software used currently has over 15,000 completed surveys stored. Historical asbestos reports and surveys are retained on the software even after updates are produced. The software has been in place since 2015 when the contract with Tersus began. All surveys and inspections since then are available to view.

Shield (who hold the contract for asbestos removal) also have access to the system thus allowing them to update property information when asbestos has been removed, sealed or other relevant works have been completed.

The above records help to prevent incidents arising from asbestos exposure as it allows all repair staff and contractors to review the most recent surveys and inspections as well as providing a record of any work completed.

### 4.5 **Fraud Risks**

#### 4.5.1 **Contractor dishonesty e.g. wilful failure to fully undertake surveys / works charged for, duplicate charging etc.**

There are two formal contracts in place for asbestos works. There is one with Tersus for surveys and testing and one with Shield for removal services. Both contracts include KPI's and which are monitored on a monthly basis.

Formal measures are included in the service area plan. These include service-specific measures such as the percentage of corporate properties with up-to-date asbestos surveys. There are also indirect measures within the health and safety targets and requirements. The Compliance Administrator monitors the KPI's and service plan measures reporting on either a monthly basis (KPI's) or quarterly (for the service area plan measures).

The Compliance Administrator carries out monthly monitoring and quarterly meetings with both Shield and Tersus. The meetings also provide an opportunity to discuss the KPI's and reasons why they may not have been met. Minutes of the meetings are taken and retained. Meetings have a standard agenda that includes a review of the minutes and actions from the previous meetings, open orders, KPI's, changes to the contract or business needs and other relevant discussion points.

The only formal amendments to the contracts since the last audit was the extension of both contracts for a further three years. This option to extend was included in the contract when agreed in 2015.

No ad-hoc works are undertaken. All works carried out by both contractors are as needed and in line with the contracted arrangements.

As covered above (4.2.1) all works are checked or carried out with both contractors present to ensure the works comply with legislation. This also ensures that the Council is charged only for works completed.

#### 4.6 **Health and Safety Risks**

##### 4.6.1 **Asbestos exposure risking health of tenants, leaseholders, employees and / or contractor's operatives.**

Copies of the insurance documents for both Tersus and Shield are saved to the relevant folder within the shared drive. They have more than adequate cover including indemnity cover of £10m for Tersus and £20m for Shield. Updates are requested annually by the Compliance Administrator who also adds a diary note each year to ensure that new copies are obtained upon renewal.

There is a risk register in place which was last reviewed in August 2021. The risks include failure of contractor and health and safety of staff and customers. They include asbestos-specific issues and concerns such as: awareness of asbestos in council owned properties and leaseholder properties; and failure to monitor asbestos.

There is one risk assessment available on AssessNet regarding asbestos exposure. The risk assessment is specifically written for the Royal Pump Rooms. The risk assessment details the locations of asbestos for the benefit of contractors and staff when working within the building.

There are no additional risk assessments on AssessNet as each asbestos survey, inspection and work order also includes a risk assessment specifically for that location. Therefore, there is no need to duplicate the assessments as the ones held on the Tersus software will be the most up-to-date.

There are generic risk assessments saved to the relevant files provided by the contractors. These cover risks when the contractors are working at their depots or when travelling to or from a location.

## 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 Asbestos Management are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

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

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

Richard Barr  
Audit and Risk Manager

**FROM:** Audit and Risk Manager  
**TO:** Head of Environmental & Operational Services  
**C.C.** Chief Executive  
Deputy Chief Executive (AJ)  
Head of Finance  
Parking & Ranger Services Manager  
Portfolio Holder (Cllr Rhead)

**SUBJECT:** Car Parking  
**DATE:** 11 November 2021

---

## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Nathan Leng, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 The Council is responsible for the management, maintenance and enforcement of parking controls across multiple off-street car parks within the district.
- 2.2 Responsibilities of the service include; proposing variations to the charges for the use of off-street parking places, ensuring sufficient parking capacity is available to meet demand, advertising parking provision, monitoring and maintaining car park machinery and infrastructure along with developing car park areas to meet the changing needs of the service.

## 3 Objectives of the Audit and Coverage of Risks

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

- 3.3 In terms of scope, the audit covered the following risks:
- Parking charges are set at inappropriate rates resulting in insufficient income.
  - Income goes uncollected, is lost or stolen.
  - Staff and public claims for incidents or accidents.
  - Non-compliance with health and safety regulations.
  - Staff have not gained the essential training qualifications needed to carry out their duties.
  - Enforcement and recovery processes are not conducted in line with legal and regulatory standards.
  - Car parking areas and machinery are not properly maintained and appropriately updated.
  - Car parking provision is not sufficient to meet public needs.
  - Car parks are not used for their intended purpose.
  - Car parks are not promoted effectively.
  - Internal theft of cash.
  - Scammers steal legitimate parking income, scamming the public with illegitimate charges and stealing bank details to perpetrate fraud.
  - False overtime claims are submitted by staff.
  - Staff and members of the public are exposed to hazardous materials.
  - Staff are subject to harm from verbal or physical abuse and intimidation.
  - Staff have not been trained appropriately to carry out their duties.
  - Risk assessments are not up to date or available to staff.
- 3.4 These were drawn from a combination of risks identified in discussions with the Parking and Ranger Service Manager (PRSM).
- 3.5 These risks, if realised, would be detrimental to the Council with regards to the meeting of the following corporate objectives as set out in the Fit for the Future Strategy:
- Green, Clean, Safe – Total carbon emissions within Warwick District are as close to zero as possible by 2030, improved air quality, low levels of crime and ASB.
  - Infrastructure, Enterprise, Employment – Improved performance/ productivity of the local economy.
  - Effective Staff – All staff are properly trained and all staff have the appropriate tools.
  - Maintain or Improve Services – Focusing on our customers' needs, continuously improving our processes and increasing the digital provision of services.
  - Financial Footing over the Longer Term – Better return/ use of our assets, full cost accounting, continued cost management and seek the best value for money.

## 4 Findings

### 4.1 Recommendations from Previous Reports

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

Recommendation	Management Response	Current Status
1 Inventories should be updated and should include all items of valuable, portable or desirable nature (e.g. cameras, body cams and new handhelds).	All equipment inventories will be updated at least annually and variances referred to Insurance & Risk Officer.	Current management advised that Finance hold an inventory document for valuable items and equipment which is updated annually.

## 4.2 Financial Risks

### 4.2.1 Parking charges are set at inappropriate rates resulting in insufficient income.

Changes to car parking fees were initially proposed in the Fees and Charges (F&C) report for consideration by members of the Council. The PRSM advised that not all charges are included in the report and that those omitted are discussed and agreed upon later in consultation with the relevant portfolio holder.

The proposed changes are written into a new Parking Order and shared with local stakeholders and regulatory bodies. Feedback collected from stakeholders is considered before the section 35(c) notice is widely publicised. Responses to the notice are responded to and, so long as the concerns are reasonably addressed, the variation in charges is enacted.

The current parking charges were confirmed during the Council meeting on 25 November 2020 and were formally updated on 5 April 2021.

Upon reviewing the F&C report, several inaccuracies were noted. This includes instances where charges and the charge timeframes for certain car parks are not an accurate representation of the charges at those locations. The PRSM advised that these would be amended before issuing the F&C report for 2022-2023.

#### **Recommendation**

#### **Inaccuracies in the Fees and Charges report should be corrected.**

Several inconsistencies were identified between the approved charges in the Section 35 notice, the Council's website and the charges issued on site or via Ring-go. Other inconsistencies were identified between the maximum stay timeframe and the charging timeframes. The PRSM was provided with a list of these issues during the audit. However, at the time of writing, some of the issues remain unresolved.

#### **Recommendation**

#### **The website should be updated to accurately reflect the approved charges and timeframes published in the Section 35 notice.**

## **Recommendation**

### **Parking information on the Ring-go application should accurately reflect the approved charges and timeframes published in the Section 35 notice.**

While there is no legal limit on the amount a local authority can charge individuals for using parking places, there are restrictions as to what money raised from parking charges can be used for.

Statutory guidance for local authorities advises that authorities should consider lower charges for off-street parking. It is believed that this will encourage drivers to park off-street, thereby reducing on-street congestion caused by vehicles searching for spaces. The Council's charges for off-street parking have been brought in line with on-street rates.

Government guidance also advises that income from parking should cover the cost of running the service without exceeding it.

From 5 April 2021, parking charge rates in most Council car parks increased. Sunday charging was also introduced where previously there had been no charge.

It was noted that the increase in parking charges was considered necessary to help reduce the annual deficit in car parking income. The deficit was exacerbated by the removal of parking charges during the height of the pandemic last year.

The deficit was evidenced in the 2020 F&C report which estimated a reduction in income of approximately £1.4 million for the year 2020/21 with the loss from car parking charges alone accounting for approximately £1.15 million.

A review of parking charges across different locations revealed a clear pricing strategy. Charges were highest in high-demand areas such as close to town centres. In areas of low demand, or where the Council are actively encouraging drivers to park, rates are considerably cheaper than the average rates across the Council's car parks.

There is currently some disparity between the rates charged in Leamington, Warwick and Kenilworth. The PRSM confirmed that future tariff structures would aim to homogenise charges between the different towns in the district. There is also consideration being given to aligning future tariff structures with Stratford District Council (SDC).

The reduced parking rates set for out-of-town parking provides affordable, long-term parking options for the community. The comparatively more expensive town centre and short-stay locations, limited to a maximum stay of four hours, provides immediate access to local amenities while also facilitating a quick turn-over and, therefore, providing space for more vehicles.

#### 4.2.2 **Income goes uncollected, is lost or stolen.**

Cash is collected from car parking machines (CPMs) by the contractor, Jade. Collections are scheduled every week on Monday, Wednesday, Friday and Saturday. When cash is collected, the contractor produces a collection ticket for each CPM which shows the amount of cash collected.

Each CPM uploads live information on the amount of income collected via cash or card payments. The information on daily cash payments processed via each CPM is recorded in a Cash Collection spreadsheet by the Parking and Ranger Service Team Leaders (PRSTL) the following day. The completed cash collection spreadsheet is then emailed to the Environmental & Operational Services Business Support Team.

The PRSTLs also complete a reconciliation between the information contained in the cash collection spreadsheets and the collection tickets provided by the contractor. This is completed the following day after the cash has been collected.

The Assistant Accountant (AA) responsible for reconciling parking income collected through the Ring-go application confirmed that reconciliations are completed monthly. A report of collected income is downloaded from the Ring-go website and these figures are reconciled to income received by the Council in the Paris System. A record of the Ring-go reconciliations is saved internally, and the AA confirmed that no major discrepancies have been identified.

CPMs are inspected by a member of the Ranger service every day as part of the daily car park checks.

Rangers are trained in basic CPM maintenance and can resolve simple issues such as coin jams or replenishing ticket paper. For more serious defects or damage, Rangers can email the CPM provider, Metric Group Ltd, copying in the PRSTL, detailing the issue. The service level agreement with Metric stipulates a 48-hour repair timescale. However, the repair process can take longer than this if there are delays in replacement parts being delivered. When delays occur, the PRSTLs will chase Metric for updates.

The PRSTLs are also able to remotely monitor the status of each CPM through the Mi-Office system provided by Metric. The system provides centralised remote management of all the Council's CPMs allowing the PRSTL to actively identify faults and arrange remedial action.

In some situations, a fault is reported by a car park user calling the Ranger office. Details of the report are recorded in a spreadsheet. Reported issues are either verified through the Mi-Office system or by physical inspection at the earliest opportunity. Once a fault has been verified, the appropriate repair procedures are enacted.

The estimated impact on collected income can be detailed in the spreadsheet for CPM faults. However, in most cases, the amount of money lost is nil as car park users use alternative machines or methods of payment.

Damage to a CPM due to criminal damage is reported to Metric for a quote for the repair or replacement. Details of the damage, the cause of the damage and the quoted cost are emailed to the Insurance and Risk Officer (IRO) to recover the costs.

Since August 2019, there have been three insurance claims relating to damage to and / or thefts from CPMs. In one of these instances, it took nine days to report the incident to the IRO.

However, according to the IRO, the time taken for information on claims for car park incidents and quality of the information received is generally good, so this instance is not thought to be an issue.

The Council are insured for cash income with a limit of up to £500 per loss for any money held in the Council's CPMs. In the break-in incident highlighted above, the £500 limit was claimed.

#### **4.2.3 Staff and public claims for incidents or accidents.**

Public injury claims are covered under the Council's public liability cover. Staff injury claims are covered by the Council's employers' liability cover. If a staff accident resulted in permanent injury, the claim is covered under the Council's personal accident cover.

Staff injuries sustained while in a vehicle are covered by the relevant vehicle insurance. If the injury was the result of poorly maintained roads and walkways, the claim is made against the highway authority.

The IRO confirmed that the PRSTLs are responsible for reporting issues and the information is usually conveyed via email in a timely manner.

Where details have been omitted or additional information is required, the IRO will request additional information from the PRSTL.

As part of this audit, an examination of insurance claims records dating from August 2019 was undertaken. A claim was identified wherein it was found that details about the perpetrator were not obtained at the time of the incident. According to the IRO, this can result in delays and make it harder for the insurer to recover their costs.

The IRO advised that Ranger staff have received no instruction on the information needed to support insurance claims. However, despite the incident outlined above, the IRO is generally happy with the information provided by the Car Parking service.

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

#### **4.3.1 Non-compliance with health and safety regulations.**

The Health and Safety Executive (HSE) recommend that regular physical inspections should be undertaken at different times of the day and in different weather conditions.

Under the Health and Safety at Work Act (1974), car park owners and contractors operating car parks on their behalf have a responsibility to ensure that car parks are safe to use. Failure to manage car park facilities can result in serious incidents and even fatalities. If found liable, the Council could face large fines.

All ancillary equipment should be subject to appropriate inspection and maintenance procedures (e.g. gates, barriers, lighting, CCTV, payment machines etc). All car parks are inspected daily during Ranger patrols and machinery is continually monitored through the Mi-Office system by the PRSTLs.

Car park checks are included in periodic Ranger 'beats' but are not scheduled for any specific time. The checklist form includes a note that lights must be checked during the night.

Rangers follow and complete a checklist form when conducting on-site inspections of car parks. This form contains checks for machinery, signage and health and safety checks as recommended by the HSE. The form focuses on car parking infrastructure and does not include checks for appropriate use. However, Rangers are expected to conduct these checks as well.

A completed form should include the name of the car park and the date the inspection was conducted but at present, does not include information on the time the inspection was conducted or the name of the staff member who carried out the inspection.

Updating the car park checklist to include appropriate use checks, such as carelessly parked vehicles, would ensure these considerations are checked as part of daily inspections. It would also create a record of issues that do not result in a PCN.

### **Advisory**

**Consideration should be given to updating the Car Park Check List form to include fields for the time of day the inspection was carried out, the staff member who conducted the inspection and include checks for appropriate use of the car park.**

At present, the car park checklist is a paper form. In line with the Council's environmental policy of moving operations to a paperless format where possible, converting these checklists to a digital format would help support the Council's green agenda.

### **Advisory**

**Consideration should be given to digitising the Car Park Check List form.**

Good 'housekeeping' is regarded as important to ensure obstructions, litter or environmental factors do not create risks to health and safety.

Cleaning of car parking areas is conducted daily by the contractor, Churchill. Ranger staff are not responsible for cleaning but will remove minor non-hazardous waste from car parks as part of their inspection checks.

Risk assessments should be carried out to assess personal safety, access requirements, location, physical features, and management procedures. Car park areas should be subject to a fire risk assessment under the Regulatory Reform (Fire Safety) Order (2005).

Up-to-date risk assessments for all Council car parks are available on the AssessNet portal. These include fire risk assessments for all multi-storey car parks.

Local authorities are required under the Local Government Transparency Code (2015) to publish on their website or place a link on their website to this data if published elsewhere, a breakdown of income and expenditure on the authority's parking account. They must also publish a breakdown of how the authority has spent a surplus on its parking account.

A review of the Council website revealed that annual parking reports have not been published since 2012/13.

### **Recommendation**

**Annual parking reports should be published each year. Missing reports should be generated and published on the Council website.**

#### **4.3.2 Staff have not gained the essential training qualifications needed to carry out their duties.**

The British Parking Association (BPA) recommend staff working in parking complete the nationally accredited Waste Management Industry Training and Advisory Board (WAMITAB) qualification.

The PRSM confirmed that all Ranger staff members should attain this qualification when commencing employment with the Council. However, there was some confusion about who holds the records of these qualifications and they were subsequently not located during this audit.

The PRSM confirmed that both PRSTLs should hold the Institute of Leadership and Management (ILM) level 3 qualifications. However, as above, evidence of these qualifications could not be located.

The Learning and Development Manager (LDM) advised that a new Learning Management System is currently being developed which will enable individual employees to input information on their own training record.

### **Recommendation**

**Evidence of staff training should be collected in advance of the new Learning Management System being implemented so that managers can confirm all staff have the requisite training and qualifications.**

The former Health and Safety Officer (HSO) confirmed that all but one of the current Rangers has received the Institution of Occupational Safety and Health (IOSH) Working Safely certificate. A training session was held the year after the Ranger joined the service, however, they did not attend.

### **Recommendation**

#### **IOSH Working Safely training should be booked for all staff without certificates.**

The HSO also confirmed that both PRSTLs have received the IOSH Managing Safely certificate.

IOSH no longer mandate refresher training every 3 years but continue to recommend it, although, it is now down to management discretion as to when it is necessary.

### **Advisory:**

#### **Consideration should be given to booking IOSH refresher training for all staff without certificates awarded within the last three years.**

Both PRSTLs attended a COVID Marshal training session from the Chartered Institute of Environmental Health in 2021.

Upon joining the Ranger service, staff receive on-the-job training. Paper records of this training are retained in folders within the Rangers office. New staff work alongside and under the supervision of experienced colleagues until they are sufficiently competent and confident in the role.

#### **4.3.3 Enforcement and recovery processes are not conducted in line with legal and regulatory standards.**

The enforcement of Penalty Charge Notices (PCN) is conducted by Ranger staff acting as parking enforcement officers. All parking enforcement is conducted in line with statutory guidance contained within the Traffic Management Act 2004.

The rate of PCNs is agreed by the Council and published on the Council website. Clear signage at car parking locations details the conditions users must adhere to to avoid being issued a penalty charge.

A higher charge is issued for contraventions deemed more serious in terms of the level of disruption caused. All charges can be paid at a 50% discounted rate within the first 14 days after the PCN has been issued.

PCNs are issued in person by a member of the Ranger service in response to active non-compliance with car parking rules. Evidence collected at the time and a charge notice is either handed to the alleged offender or fixed to the offending vehicle.

Ranger staff are required to wear appropriately descriptive uniforms when performing car parking enforcement activities.

Alleged offenders are allowed to informally challenge a car park PCN within 28 days of the PCN being issued or submit a formal representation after the 28-day mark. If these representations are unsuccessful, the alleged offender can appeal to the Traffic Penalty Tribunal (TPT) for independent adjudication. Information on all these options is available on the Council website.

The Council sends three reminder letters to alleged offenders. If no payment is received or grounds filed, the debt is registered with the county court and an Order of Recovery is sent as a final notification before bailiff action is requested. The Council will then apply to the county court for a warrant of execution and the warrant will be sent to the debt recovery agency, Bristow and Sutor, to recover the debt.

#### 4.4 **Reputational Risks**

##### 4.4.1 **Car parking areas and machinery are not properly maintained and appropriately updated.**

The PRSM advised that improvements to car park facilities and infrastructure are organised through the Assets team, with communication done via email.

The PRSM also advised that Assets conduct periodic digital car park checks, with checks carried out in the summer and winter to comply with HSE. Assets maintain car park infrastructure as part of a five year planned preventative maintenance programme for repairs and maintenance.

Examples of recent updates to car parking infrastructure made in response to changing public needs include the introduction of Ring-go payments and electric vehicle charging points.

##### 4.4.2 **Car parking provision is not sufficient to meet public needs.**

The PRSM advised that providing sufficient car parking capacity is not considered an issue facing the service at this time.

However, high public demand during the recent electric vehicle parking permit trial demonstrated the desire for additional provision of facilities for electric vehicles. Social media feedback also revealed some demand for 'rapid' electric vehicle charging facilities in Council car parks as opposed to the current 7KW provision. The PRSM advised that the installation of rapid charging points does not provide value for money at this time.

The current provision of electric charging points is likely insufficient, although, increasing the provision of electric vehicle charging points is a strategic objective of the service.

Other considerations for car parking provision centre around balancing environmental considerations with support for the local economy. For instance, providing attractive charging rates in the larger out of town 'park and stride' car parks to help reduce congestion and improve air quality within the town centres.

Public surveys are used to assess the impact of changes to car parking provisions. For example, the St Mary's Lands car park survey was used to explore and learn about public parking preferences in response to the closure of a town centre multi-storey car park.

#### 4.4.3 **Car parks are not used for their intended purpose.**

Car parks are regularly monitored. There are daily Ranger inspections and continuous CCTV monitoring to quickly identify any instances of non-compliance.

Parking infractions, where users have either failed to pay for their stay or have failed to park per car park rules, result in a PCN. Signage is displayed in all car parking locations explaining the rules and consequences for non-compliance.

Other instances of non-compliance are reported to PRSTLs who contact relevant Council services to escalate and resolve the issue. For example, a recent incident where a local business made unauthorised use of a car park for waste disposal was escalated to Estate Management to resolve.

The Council offers licences for some non-traditional car park use. For instance, placement of waste skips or use for a special event. Information and applications for non-traditional use can be found on the Council's website.

#### 4.4.4 **Car parks are not promoted effectively.**

Car park provision is advertised via the Council's website and on-street signs within the vicinity of the car park. Pop-up signage is used to identify spaces during periods of high demand such as local sporting events or music festivals.

A review of the information contained on the website identified some out of date information and infographics. Areas of the website which require updating were brought to the attention of the PRSM during the audit. Minor errors and omissions were quickly rectified and the development of new infographics and revamping of other visual information was initiated.

Overall, the depth and quality of car parking information on the website is sound. However, the development of a process to update and validate website information periodically could help to prevent outdated information from remaining on the website.

#### **Advisory:**

#### **Consideration should be given to developing a procedure for reviewing and updating website information.**

The use of social media resources to communicate car parking information is effective. Posts including information on car parks are timely, informative and widely received, as evidenced by the generally high response and interaction rate. Queries and comments on posts are passed to the Car Parking service and responded to, by the Media team, in a timely fashion.

#### 4.5 **Fraud Risks**

##### 4.5.1 **Scammers steal legitimate parking income, scamming the public with illegitimate charges and stealing bank details to perpetrate fraud.**

The PRSM advised that, due to the move towards card and app-based payments, the risk of traditional car parking scams is considered low.

The PRSM advised that the service do not keep car park users informed of malicious techniques to scam or defraud them but would do so if a plausible risk was identified that current controls could not account for.

#### 4.6 **Health and Safety Risks**

##### 4.6.1 **Staff and members of the public are exposed to hazardous materials.**

Cleaning of multi-storey car parks is carried out daily by the cleaning contractor, Churchill. Ranger staff are not responsible for cleaning but will remove minor non-hazardous waste from car parks as part of their inspection checks.

If hazardous materials are identified by Ranger staff, they notify the PRSTL who arranges for a rapid response unit to remove and dispose of the waste before sanitising the area.

##### 4.6.2 **Staff are subject to harm from verbal or physical abuse and intimidation.**

Ranger staff adhere to the guidance set out in the Lone Working policy when working remotely. This includes informing office colleagues of the location(s) they plan to visit and the expected time of return as well as carrying a work mobile phone as a means of remote contact.

Rangers also adhere to a locking up and lone working procedure stored in a folder within the Ranger office.

Rangers are provided with body cameras to document incidents and to serve as a deterrent to anti-social behaviour.

##### 4.6.3 **Risk assessments are not up to date or available to staff.**

The Council's AssessNet Health and Safety management portal contains risk assessments covering all Council car parks, fire risk assessments for multi-storey car parks, ranger and team leader risk assessments as well as COVID-19 risk assessments for all car parks. All documents are up to date and contain the relevant risks, controls and ratings.

The AssessNet portal is accessible to all staff as a central repository for health and safety and risk assessment information and can be referred to as and when required.

## 5 Conclusions

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

5.2 The assurance bands are shown below:

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

5.3 There are some issues that require further action:

- The Fees and Charges report contains some historical inaccuracies that should be removed/updated.
- The charges and timeframes published on the Council's website are not all accurate and should be updated.
- The charges and timeframes published on the Ring-go application are not all accurate and should be updated.
- Annual parking reports should be published to the Council's website. Reports from previous years should also be generated and published.
- Records and evidence of staff training should be collected.
- Staff without IOSH Working Safely training certificates should be booked on a training session.

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

## 6 Management Action

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

Richard Barr  
Audit and Risk Manager

## Action Plan

## Internal Audit of Car Parking – November 2021

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial Risks - Parking charges are set at inappropriate rates resulting in insufficient income.	Inaccuracies in the Fees and Charges report should be corrected.	Low	Parking and Ranger Service Manager	Fees are set in line with recommendations from SMT.	01.05.22
4.2.1	Financial Risks - Parking charges are set at inappropriate rates resulting in insufficient income.	The website should be updated to accurately reflect the approved charges and timeframes published in the Section 35 notice.	Low	Parking and Ranger Service Manager	Website will be updated at the appropriate time.	01.01.22
4.2.1	Financial Risks - Parking charges are set at inappropriate rates resulting in insufficient income.	Parking information on the Ring-go application should accurately reflect the approved charges and timeframes published in the Section 35 notice.	Medium	Parking and Ranger Service Manager	Ring-go information to be updated accordingly.	01.01.22
4.3.1	Legal & Regulatory Risks - Non-compliance with health and safety regulations.	Annual parking reports should be published each year. Missing reports should be generated and published on the Council website.	Low	Parking and Ranger Service Manager	Reports to be published.	01.05.22

<b>Report Ref.</b>	<b>Risk Area</b>	<b>Recommendation</b>	<b>Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
4.3.2	Legal & Regulatory Risks - Staff have not gained the essential training qualifications needed to carry out their duties.	Evidence of staff training should be collected in advance of the new Learning Management System being implemented so that managers can confirm all staff have the requisite training and qualifications.	Low	Parking and Ranger Service Manager	Training to be recorded appropriately.	01.12.21
4.3.2	Legal & Regulatory Risks - Staff have not gained the essential training qualifications needed to carry out their duties.	IOSH Working Safely training should be booked for all staff without certificates.	Low	Parking and Ranger Service Manager	IOSH course to be booked accordingly.	01.04.22

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

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

**FROM:** Audit and Risk Manager                      **SUBJECT:** Estate Management  
**TO:** Head of Housing Services                      **DATE:** 18 October 2021  
**C.C.** Chief Executive  
Deputy Chief Executive (AJ)  
Head of Finance  
Landlord Services Manager  
Building and Estates Manager  
Estates Team Leader  
Portfolio Holder (Cllr Matecki)

---

## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Ian Davy, Principal Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 The Estates team manage the communal spaces within housing blocks to enable tenants and leaseholders to sustain their tenancies.
- 2.2 The Estates Services Officers (ESOs) used to be based at specific estates. However, the district has been split into three 'zones' with officers covering all blocks in the zone they are assigned to. As a result of this change, company vans are used by the ESOs to travel between sites.
- 2.3 Since the Grenfell Tower tragedy, the duties of the ESOs have changed to incorporate fire risk inspections as well as their health and safety and general maintenance works.

## 3 Objectives of the Audit and Coverage of Risks

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

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

- Budgets are insufficient for the works required
- Void costs may be incurred by the Council if properties on estates become hard to let due to the overall conditions of the estates
- Estates are not maintained in accordance with applicable health and safety and fire safety regulations
- Estates are not maintained, leading to them becoming eyesores
- Staff do not work their contracted hours
- Purchasing cards are used for personal expenditure
- Physical and / or verbal attacks on staff
- Tenants or staff injury on site or driving between sites
- Lone working
- Staff driving for work who do not hold an appropriate licence.

3.3 These were identified during discussion between the Principal Internal Auditor, the Building and Estates Manager (BEM) and the Estates Team Leader (ETL). Two of the risks identified during this discussion (“Estates are not maintained...”) were also reflected in the Significant Business Risk Register (“Risk of failing to provide, protect and **maintain** Council-owned property”) and the Housing Services departmental risk register (“Deterioration of external areas – paths, greens, trees and Risk of fire in blocks of flats”).

3.4 These risks, if realised, would be detrimental to the Council with regards to achieving the overarching aim of making the district a great place to live, work and visit. The work also impacts specific strands of the Fit for the Future strategy:

- External – People strand in relation to the Health, Homes & Communities aspects
- External – Services strand in relation to the Clean and Safe aspects.

## 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 was reviewed. The current position is as follows:

Recommendation	Management Response	Current Status
1 Working patterns and restrictions on overtime should be introduced to provide staff cover and allow budget forecasting to be more accurate.	WDC are at present recruiting for a Neighbourhood Officer. This will reduce the overtime cover. A full review of the Housing service is currently underway. This is considering the level of resource required for the Neighbourhood team to effectively undertake their	A new staffing structure is now in place, with a Building and Estates Manager (BEM), an Estates Team Leader (ETL) and six Estates Services Officers (ESOs) although two of the ESOs have recently left. However, the ETL advised that the intention is to recruit into these two posts with VARFs (vacancy

Recommendation	Management Response	Current Status
	duties without the need for regular overtime.	advertising request forms) having been approved.
2 Overtime should be monitored closely to prevent staff from working more than an average of 48 hours per week.	As above, Staff have signed a Working time directive opt out agreement on 2 <sup>nd</sup> April 2019.	The BEM advised that the ESOs work on a three week rota, with the only overtime being specific shifts offered at weekends for cover, so the Working Time Directive is no longer an issue.
3 An up-to-date inventory of valuable and desirable items should be compiled and forwarded to the Insurance and Risk Officer. This should be updated at least annually.	Neighbourhood officers are, at present, completing a spreadsheet with items value over £50. This will be forwarded onto the Insurance and Risk Officer.	A stock list is now in place (as opposed to a formal inventory). This includes some consumable items (e.g. engine oil, furniture polish etc.) as well as the relevant 'valuable and desirable items' (e.g. tools and gardening equipment).

## 4.2 Financial Risks

### 4.2.1 Budgets are insufficient for the works required.

The BEM advised that he looks at his budget each week, speaks to the relevant Assistant Accountant on a regular basis and liaises with the Landlord Services Manager (his line manager).

He was able to explain the relevant variances compared to the expected budget position for the current year but was not in post when the previous budgets were set so was unsure why these variances had occurred.

As well as the specific budget variances identified, he flagged specific issues over the budget for trees, which had been constantly overspent but had now been addressed and he had asked for two new subjective codes to be set up (Communal Bins and Specialist Communal Cleaning) so that specific expenditure could be tracked.

### 4.2.2 Void costs may be incurred by the Council if properties on estates become hard to let due to the overall conditions of the estates.

A list of void housing properties was obtained and was found to include a number of properties covered by the Estates team (69 Willes Road, four flats in Westbrook House and two flats in Christine Ledger Square).

One of the Allocations Officers advised that the properties at Willes Road and in Christine Ledger Square are not available to let at present due to works required at the properties and the flats in Westbrook House are used as 'decamp'

properties for tenants that need to be temporarily moved from their main residence. There are, therefore, no issues for these properties in relation to the maintenance of the estates.

#### 4.3 **Legal and Regulatory & Reputational Risks**

##### 4.3.1 **Estates are not maintained in accordance with applicable health and safety and fire safety regulations / Estates are not maintained, leading to them becoming eyesores.**

The BEM and ETL advised that the estates within the district are split into three zones and, when fully staffed, there are two officers that work in each zone although these have had to be amended now that two staff members have left. They highlighted that there is no set schedule, with staff choosing how they cover their patch over the course of the relevant period although the high-rise properties on the patch will be covered first each day.

Inspections of the high-rise properties are recorded on an app (Totalmobile) with an email being sent to relevant team email addresses once the report has been completed.

Inspections for the low and medium rise properties are still recorded on paper forms at the moment. Each ESO will hand in their records when they meet with the ETL (normally at their one-to-ones) and these are scanned and saved on the network. The ETL maintains a spreadsheet to show when the monthly visits have been completed at each relevant property / location and who has undertaken the inspection.

Upon review, it was confirmed that documentation had been completed in respect of a sample of inspections although it transpired that one inspection chosen had not been performed. However, the BEM had taken steps to address the issue in relation to the relevant ESO.

When ESOs perform their inspections they often find issues that need to be addressed. They will email the relevant team directly to ensure that the work is booked in if it is not something that they can undertake themselves and will chase the works up if they have not been resolved when they next inspect the block.

Some larger jobs will also be scheduled for project days when a number of staff members from the Estates team will work together on site.

The ETL and BEM undertake ad-hoc inspections to ensure that the ESOs have completed their work and picked up relevant issues. Records are not generally maintained of these reviews although the ETL suggested that she would take photos of any issues identified and would contact the relevant ESO to discuss.

#### **Advisory**

**Consideration should be given to recording details of the spot checks performed on the relevant inspection records.**

Team meetings are held on (roughly) a monthly basis. The ETL provided copies of the 'notes' (as opposed to formal minutes) that had been taken for the last three meetings. The notes set out what the objectives of the meeting are along with 'outcomes' and it was identified that some included items that needed to be followed up. However, these were not specifically addressed in the notes of the following meeting.

### **Advisory**

**Consideration should be given to producing formal notes / minutes of the team meeting, with details being recorded of the action taken to address questions / follow-up items from the previous meeting.**

## **4.4 Fraud Risks**

### **4.4.1 Staff do not work their contracted hours.**

The BEM and ETL advised that the spot checks they perform are undertaken at different times and days, so staff do not know whether they are working at home or on site. However, they do not tend to be at the start or the end of shifts.

### **Advisory**

**Consideration should be given to amending the times of visits to include all scheduled working hours.**

### **4.4.2 Purchasing cards are used for personal expenditure.**

The ETL advised that for any non-fuel items, ESOs should get approval for the purchase prior to buying the goods. For items under £20, the approval for the expenditure is generally verbal, but email approval would be given for items that are of higher value, with those over £100 generally being purchased by the BEM.

Testing on a sample of non-fuel expenditure items on purchase cards was undertaken and, whilst there was no email approval identified, satisfactory explanations were given as to the route that had been followed in each instance (e.g. purchased directly by the BEM, authorised 'in person' etc.)

The 'normal' Council-wide processes for the month-end management approval of purchases would also pick up any issues with expenditure so appropriate controls are considered to be in place.

## **4.5 Health and Safety Risks**

### **4.5.1 Physical and / or verbal attacks on staff.**

The BEM and ETL advised that staff are not expected to go into individual properties (unless with a Housing Officer) but will interact with tenants when on the estates.

The staff alert list is available to all staff through the intranet but, at present, the Estates Services Officers (ESOs) cannot always access the intranet (as they are on site as opposed to being office based), so new tablets are being considered to allow staff this access.

If any issues are raised, these will be flagged and circulated across the team and if patches change there will be a handover with an overview being given to identify any potential issues.

#### 4.5.2 **Tenants or staff injury on site or driving between sites.**

A comprehensive risk assessment has been drawn up on AssessNet covering the tasks performed by the ESOs. There is also a further risk assessment relevant to the bin chutes at the blocks that the ESOs inspect.

The ETL advised that there had been one recent accident involving one of the vans driven by an ESO. The Insurance & Risk Officer was informed appropriately, and an incident form was completed.

#### 4.5.3 **Lone working**

The BEM advised that all ESOs have, and wear, a SoloProtect 'device'.

Generic and service specific risk assessments have been drawn up relating to 'visits' during COVID which make (indirect) reference to lone working.

#### 4.6 **Other Risks**

##### 4.6.1 **Staff driving for work who do not hold an appropriate license.**

The BEM advised that all ESOs drive the vans (with each having their own designated vehicle). When they commence employment, they are required to send their driving license details and these are checked to the DVLA to ascertain if there are any points etc.

He also highlighted that, if an ESO is required to drive their own vehicle on business, he will ensure that they have the appropriate insurance cover.

#### 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 Estate Management are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

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

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

5.3 No formal recommendations have been made in this report. Minor 'issues' have, however, been identified where advisory notes have been reported. Addressing these issues is discretionary on the part of the service.

Richard Barr  
Audit and Risk Manager

# INTERNAL AUDIT REPORT

**FROM:** Audit & Risk Manager

**TO:** Head of Assets

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

**SUBJECT:** Housing Investment & Maintenance Programmes

**DATE:** 01 December 2021

---

## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Nathan Leng, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 Housing Investment and Maintenance Programmes work to improve the condition and safety of the Council's housing stock to meet the evolving needs of residents, the community and the environment.
- 2.2 The Assets Management team at Warwick District Council are responsible for ensuring that the financial resources needed to complete these works are controlled, planned and achievable.

## 3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management and financial controls in place. This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has been in place only since the start of this financial year following an external review of the function.
- 3.2 In terms of scope, the audit covered the following risks:
- Excess expenditure resulting from ineffective programming, project control, procurement and/or contract management.

- Council is held in breach of duties under law to ensure housing stock standards remain fit for human habitation.
- Stakeholder dissatisfaction with the Council as a social landlord.
- Council funds misappropriated through fraudulent action.
- Risk to the health and wellbeing of tenants, Council staff, contractors and the public from sub-standard housing conditions or unsafe procedures during improvement/ maintenance work.

3.3 These were drawn from a combination of risks identified in the Significant Business Risk Register and discussion with the Technical Manager (auditee).

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:

- Improved health for all.
- Housing needs met for all.
- To make the District carbon neutral by 2050.
- All staff are properly trained.
- All staff have the appropriate tools.
- All staff are engaged, empowered and supported.
- The right people are in the right job with the right skills and right behaviours.
- Focusing on our Customers' needs.
- Continuously improve our processes.
- Increase the digital provision of services.
- Better return/ use of assets.
- Full cost accounting and continued cost management.
- Maximise income earning opportunities.
- Seek best value for money.

3.5 It was originally intended that a specific contract relating to Fire Safety works would be reviewed as part of this audit. However, issues over the management of contracts held with the contractor were separately raised with Internal Audit, so a specific review is to be performed in that area which will be reported separately.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 There were no recommendations made during the previous audit of this area, conducted in 2019.

### 4.2 Financial Risks

#### 4.2.1 Excess expenditure resulting from ineffective programming, project control, procurement and/or contract management.

The Council use the outcomes of stock condition surveys to evaluate the condition of Council Housing Rent Account (HRA) stock. A stock condition survey looks at external features, internal fixtures and systems to establish their condition maintenance needs and remaining lifecycles. Assessments of property attributes are quantified and assigned a condition rating.

The ratings assigned to property attributes during condition surveys determine the estimated lifespan of the attributes. Combining this information with the survey outcomes for other housing stock has enabled the Council to develop and implement a planned maintenance programme for the delivery of major works, structural repairs and aid & adaptations known as the Housing Improvement Programme (HIP).

A full stock survey was attempted in 2016. However, at the time, approximately 10% of properties could not be fully inspected. The Technical Manager (TM) advised that gaining access is the most common reason for an inspection appointment to fail and this is due largely to tenants refusing access. In instances where internal access is refused, inspections are limited to the outside of the building which is visible or accessible from public land.

The Council has attempted to retroactively complete condition surveys on the 10% by scheduling surveys alongside repair works or when the property becomes void. However, this ad-hoc approach presents the risk that the condition of certain properties will continue to remain unknown to the Council for many years. This is counter to the obligation that the Council must understand the condition of their housing stock. It also presents a risk of higher maintenance costs from defects that have been allowed to develop as well as possible health implications for residents living in potentially substandard accommodation.

**Recommendation:**

**A review of properties without a complete condition survey should be undertaken to determine the current condition of each property.**

The Council have the authority, stipulated in Council tenancy agreements, to escalate action to the point of taking legal action to force access in order to satisfy their responsibilities as a Social Landlord. However, the TM advised that these actions were not currently being deployed.

**Recommendation:**

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

The TM confirmed that there is a lack of appropriate mobile devices. Mobile devices without the latest Active-H MIS mobile system upgrade creates difficulties when conducting on-site surveys and updating the system with new survey information. However, the TM acknowledged that the Compliance Manager/ Data Co-ordinator (CM/ DC) is currently working on a project to update their remote equipment capability.

Property assessments are carried out in accordance with the conditions outlined in the Housing Act (2004), guidance from A Decent Home (2006) and the Home Standard (2015). The Homes (Fitness for Human Habitation) Act (2018) mandates that all rented houses and flats are 'fit for human

habitation'. The Housing Health and Safety Rating System (HHSRS) (2006) provides a risk assessment framework for the identification and mitigation of hazards in properties as well as guidance for assigning a condition rating and enforcement action.

The condition rating for a property attribute is based on the age and the current condition of the attribute. These factors are used to estimate the life expectancy of the attribute.

At the start of each financial year, the property attributes that are predicted to reach the end of their lifespan during the coming year are included in the annual Housing Improvement Programme (HIP) work schedule.

The costs of maintenance works are calculated using the National Schedule of Rates (NSR). This national framework provides an industry standard for the cost of maintenance works and materials.

The annual maintenance budget is refreshed every year based on the predicted costs of the HIP for the coming year and any actions needed to support progress towards the Council's corporate priority objectives. This provides the Council with the necessary funding to maintain a fluid maintenance plan capable of adapting to prevalent issues.

The annual maintenance budget is calculated by the Principal Accountant (PA) before being formally approved by the Head of Housing Services (HHS).

Most Council maintenance contract budgets are based on the NSR which includes an annual percentage uplift to compensate for inflation of material costs. There is a composite schedule of rates, which covers both labour and material costs, encoded into the Active-H system.

Contractors are responsible for sourcing materials for maintenance and improvement works. However, the Council can request specific materials types be used. If the choice of material is unsuitable for the work, it will be picked up during post-work completion reviews by Property Maintenance Inspectors (PMI) and Building Surveyors/ Contract Administrators. The work order may be recalled for remedial action.

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

##### 4.3.1 **Council is held in breach of duties under law to ensure housing stock standards remain fit for human habitation.**

The Quarterly KPI report uses data extracted from the Active-H system. The report reveals that at the end of the first quarter of 2021 approximately 88% of HRA homes with stock condition survey information updated within the last five years had been recorded on the Active-H system.

Analysis of a small sample of properties with condition survey data on Active-H reveals that in all instances, external and internal property attributes were given a condition rating based on the outcome of the 2016 stock condition survey.

There were several properties with attributes that had been inspected more recently than 2016 in response to a repair or disabled adaptation works. This demonstrates that the condition of attributes is reassessed when a need is identified.

In all cases, the condition rating and the length of time since installation or renewal were used to estimate the lifespan of an attribute. Active-H displays the expected replacement date for each attribute, even ones without a condition survey.

However, in some cases where the attribute has been surveyed, the expected lifespan was overridden. This shows that the result of stock condition surveys is factored into the planned maintenance schedules and that the absence of a survey could make maintenance scheduling less accurate.

The majority of the Council property surveyors are trained surveyors with memberships to the Chartered Institute of Building (CIOB) and a number have Royal Institute of Chartered Surveyors (RICS) certificates, giving them a solid foundation of knowledge for assessing properties and identifying defects.

Surveyors refer to the Housing Health and Safety Rating System (HHSRS) and the Decent Home Standard for guidance when identifying and rating defects and hazards. The documents also outline essential housing standards.

The stock condition survey covers all property attributes. Therefore, by working through the list of attributes, all essential maintenance needs should be identified. Maintenance staff engage in weekly catch-up meetings where they share their experiences and offer advice as needed.

Staff are provided specialist guidance (e.g. how to carry out a fire risk assessment) when needed. As part of the CIOB or RICS membership, staff undertake a variety of continuing professional development (CPD) events to further improve their knowledge. It was noted that there is no record held of completed service-specific qualifications and training. It may be beneficial to keep a training record to help manage development and skills resilience within the service.

### **Advisory:**

#### **Consideration should be given to creating a record of training and qualifications undertaken by service team members.**

There are a number of essential safety inspections of HRA properties that are carried out on a cyclical schedule.

Gas safety inspections are scheduled to be carried out on an annual basis. Analysis of a sample of HRA properties showed that all properties, with a gas supply, had a gas safety inspection within the last year.

Electrical Installation Condition Reports (EICR) are scheduled to be conducted once every 5 years. In all sampled properties, these inspections had been carried out within the last 5 years.

It is acknowledged that the presence of Asbestos in a property, so long as it is not disturbed, is not likely to pose a risk to tenants. However, not inspecting known Asbestos sources at approved frequencies would be a breach of the Council's legal and regulatory responsibilities.

If Asbestos is found in an HRA property, the property is scheduled for inspection on an annual basis. The Compliance Administrator (CA) advised that records of Asbestos inspections are recorded in a dedicated database. The CA demonstrated that all sampled HRA properties have received inspections as per the mandated timescales.

#### 4.4 **Reputational Risks**

##### 4.4.1 **Stakeholder dissatisfaction with the Council as a social landlord.**

Tenants can submit service requests or complaints by completing an online form via the Council website. This provides maintenance staff with feedback on current issues facing tenants.

Maintenance contract managers can raise issues at regular meetings with Council management or get in touch via telephone or email.

The Asset Management Service Area Plan (SAP) (2020-2021) details how the service aims to support the needs of its stakeholders while also meeting the Council's corporate objectives and the HRA Business Plan.

The corporate projects outlined in the SAP related to the maintenance and development of HRA properties include; thermal building improvements, energy audits and implementation of low and no cost energy measures, fire risk assessments for multi-storey and low rise HRA blocks as well as the Housing Improvement Programme (HIP) capital programme.

The Asset Strategy Action Plan (2019-2023) provides an annually reviewed list of actions that the service aims to undertake to meet the strategic objectives of the Asset Management SAP. Specific actions related to guiding future property maintenance and development in the district include; completing and updating assessments of all HRA property assets, ensuring investment decisions around strategic objectives are in line with Asset Management principles as outlined in the SAP and WDC Asset Management Strategy (2019-2023), as well as ensuring the resource implications of achieving these actions is factored into the Medium Term Financial Strategy.

The WDC Asset Management Strategy (2019-2023) goes into further detail as to how the Assets service can support the Council's strategic objectives by ensuring the HRA portfolio of assets is both sufficient and capable of meeting the Council's needs and goals. Together, these documents form an ongoing and overarching strategy for the management of Council HRA assets.

The service reports KPI data on a range of measures deemed important to various stakeholders who use the service. These measures are used to gauge performance against set targets. The quarterly reporting of these performance targets is used to assess the impact of interventions, such as adjustments to resourcing or transformational change, and to plan future

interventions.

The quarterly KPI report showing performance during 2020-2021 and 2021-2022 reveals that the percentage of HRA properties with an in-date EPC rating of 'D' or above never dropped below 94%. The measure consistently performed above the 90% target.

However, across the same period, the percentage of properties with an in-date EPC rating consistently fell short of the 100% target. Performance in this measure began at around 50% in the first quarter of 2020 and rose to just over 70% by the end of the first quarter of 2021.

The increase in percentage of HRA properties is likely due to actions taken in response to corporate projects. For example, the assessment and improvement of the thermal rating of HRA properties as detailed in the Asset Management SAP.

While progress towards achieving the Council's corporate objectives and the HRA Business Plan is underway, the percentage of properties without an in-date EPC is still a matter of concern as there is a potential risk that just under 30% of HRA properties may not have an EPC rating of 'D' or above.

The final KPI measure related to maintenance and improvement of HRA properties reports the percentage of HRA homes with stock condition survey information updated within the last 5 years. Performance in this measure has remained relatively constant at approximately 88% since the first quarter of 2020. This is consistently below the performance target of 100%.

The above data is consistent with the majority of HRA homes assessed during the 2016 stock condition survey, with only a small number of condition surveys being carried out since that point.

It should be noted that for most properties with a stock condition survey, those carried out in 2016 have not been updated within 5 years by the end of 2021. While the Asset Strategy Action plan 2019-2023 includes an action to implement a rolling programme to assess HRA stock condition to begin in November 2019, the above KPI performance demonstrates that this has yet to be implemented.

#### **Recommendation:**

**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.**

#### **4.5 Fraud Risks**

##### **4.5.1 Council funds misappropriated through fraudulent action.**

The cost of labour and materials are controlled by the NSR. This ensures that all costs are set at industry-wide market levels.

HIP works are managed by the Technical Surveyors. In most cases, work

programmes are generated using the attribute stock condition data to schedule a repair date. Contractors are responsible for validating the work.

Post-work inspections are conducted to ensure that work has been completed to a satisfactory standard. Instances of completed works falling below minimum standards are recalled at the contractor's expense. This protects the Council from paying for repeated repair work due to insufficient or ineffective repair work carried out or materials used.

#### 4.6 **Health and Safety Risks**

##### 4.6.1 **Risk to the health and wellbeing of tenants, Council staff, contractors and the public from sub-standard housing conditions or unsafe procedures during improvement/ maintenance work.**

There is no current risk register for the Asset Management service area.

#### **Recommendation:**

**A service-specific risk register for Asset Management should be created at the earliest opportunity.**

No risk assessment checklists have been created by the Assets service for the COVID-19 pandemic. However, the Corporate Health and Safety Coordinator (CHSC) created a generic risk assessment document for use by all Council services when conducting site visits. This document is reportedly used by Assets staff to consider risks and appropriate measures when conducting site visits.

Contractors have their own risk assessment and appropriate work guidelines. These are communicated by the contractor to tenants at the point of scheduling works.

Staff and contractors are empowered to leave a site if occupants refuse reasonable requests to adhere to health and safety guidance.

#### 5 **Conclusions**

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

5.2 The assurance bands are shown below:

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

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

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

- The stock condition survey is out of date.
- Remote equipment capability is outdated.
- EPC ratings are not known for all HRA properties.

5.4 A further, more minor, 'issue' was identified where an advisory note has been reported. 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 & Risk Manager

## Action Plan

## Internal Audit of Housing Investment and Maintenance Programmes – December 2021

Report Ref.	Risk Area	Recommendation	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial Risk: Excess expenditure resulting from ineffective programming, project control, procurement and/or contract management.	A review of properties without a complete condition survey should be undertaken to determine the current condition of each property.	Low	Head of Assets/ Head of Housing / Compliance Manager	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.	March 2023

Report Ref.	Risk Area	Recommendation	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Financial Risk: Excess expenditure resulting from ineffective programming, project control, procurement and/or contract management.	The Council should develop a robust procedure for dealing with instances where reasonable requests for access are refused. These cases should be escalated until remedial action has been completed and every effort should be made to recover the cost from the tenant.	Low	Head of Housing	Housing Services will consider as part of the tenancy agreement review and, if necessary, write and implement a procedure that covers access to our customers homes. However, it must be noted that ultimately it is a legal obligation of any tenancy agreement that a tenant must have quiet enjoyment of their home, which means a Landlord cannot gain or try to obtain access unnecessarily or without good reason. A court order must be obtained and we would need to establish whether legal proceedings would be classed as abuse of process to carry out improvement works. Similarly, whether we would be able to charge tenant for refusing access is a difficult situation to assess. There may be very many reasons why we wouldn't want to charge, or even be successful if we did, in recovering any money, including how we could prove costs incurred for non access.	March 2022

<b>Report Ref.</b>	<b>Risk Area</b>	<b>Recommendation</b>	<b>Risk Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
4.4.1	Reputational Risk: Stakeholder dissatisfaction with the Council as a social landlord.	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.	Medium	Head of Assets/ Head of Housing / Compliance Manager	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.	March 2023
4.6.1	Health and Safety Risk: Risk to the health and wellbeing of tenants, Council staff, contractors and the public from sub-standard housing conditions or unsafe procedures during improvement/ maintenance work.	A service-specific risk register for Asset Management should be created at the earliest opportunity.	Low	Head of Assets	Being developed alongside SDC Property Team.	April 2022

\* Risk Ratings are defined as follows:

High Risk: Issue of significant importance requiring urgent attention.

Medium Risk: Issue of moderate importance requiring prompt attention.

Low Risk: Issue of minor importance requiring attention.

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

Lead Officer: Richard Barr

Portfolio Holder: Councillors Day and Hales

Wards of the District directly affected: None directly impacted

---

## Summary

The purpose of this report is for Committee to review the progress that is being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement 2020/21. The appendix accompanying this report details the progress in addressing the Significant Governance Issues.

## Recommendation

That Committee should review the Action Plan set out in the Appendix and confirm whether it is satisfied with the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2020/21 details the progress in addressing the Significant Governance Issues.

---

## 1 Background

### 1.1 Corporate Governance in Local Authorities

1.1.1 CIPFA/SOLACE emphasise that corporate governance is everyone's business and define it as:

*"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities."* CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

1.1.2 CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. The framework is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the framework are:

- a clear definition of the body's purpose and focusing on the outcomes for the community and creating and implementing a vision for the local area;
- members and officers are working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capability of members and officers to be effective;
- engaging with local people and other stakeholders to ensure robust public accountability.

Both the Annual Governance Statement and the Council's Code of Corporate Governance reflect these six themes.

## 1.2 **Annual Governance Statement**

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

1.2.2 The CIPFA Financial Advisory Network has published an advisory document entitled "The Annual Governance Statement: Rough Guide for Practitioners". Its advice is that the Annual Governance Statement is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is buy-in at the top level of the organisation. It advises that the work associated with its production should not be delegated to a single officer.

1.2.3 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it accurately reflects the governance framework for which they are responsible. To achieve this they will rely on many sources of assurance, such as that from:

- Members of the Council
- Deputy Chief Executives and Service Area Managers
- the Responsible Financial Officer
- the Monitoring Officer
- the Audit and Risk Manager
- performance and risk management systems
- third parties, e.g. partnerships
- external audit and other review agencies.

## 1.3 **The Significant Governance Issues**

1.3.1 The governance issues facing the Council have been identified from production of the statutory Annual Governance Statement and are summarised in the Action Plan element of the Annual Governance Statement for 2020/21.

1.3.2 The appendix accompanying this report sets out the progress in addressing those issues. Progress is reported by the officers leading on them and has been endorsed by the WDC members of the Joint Management Team at a recent meeting.

## 2 **Alternative Options available to Committee**

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

### **3 Consultation and Members' comments**

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

### **4 Implications of the proposal**

#### **4.1 Legal/Human Rights Implications**

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

#### **4.2 Financial**

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

#### **4.3 Council Plan**

##### **4.3.1 External Impacts**

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

Although there are no direct policy implications, corporate governance will be a major factor in shaping the Policy Framework and Council policies.

##### **4.3.2 Internal Impacts**

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

Although there are no direct policy implications, corporate governance will be a major factor in shaping the Policy Framework and Council policies.

#### **4.4 Environmental/Climate Change Implications**

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

#### **4.5 Analysis of the effects on Equality**

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

#### **4.6 Data Protection**

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

#### **4.7 Health and Wellbeing**

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

### **5 Risk Assessment**

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

## **6 Conclusion/Reasons for the Recommendation**

- 6.1 The report details the progress that is being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement 2020/21. The recommendation will help fulfil Members' responsibility for effective corporate governance within the Council and provide assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement are being addressed.

### **Background papers:**

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

### **Supporting documents:**

Minutes of JMT.

## Report Information Sheet

<b>Committee/Date</b>	Finance & Audit Scrutiny Committee – 8 December 2021	
<b>Title of report</b>	Annual Governance Statement 2020/21 Action Plan: Review of Progress	
<b>Consultations undertaken</b>		
<b>Consultee *required</b>	<b>Date</b>	<b>Details of consultation / comments received</b>
<b>Ward Member(s)</b>		
<b>Portfolio Holder WDC &amp; SDC *</b>	11/2/2022	
<b>Financial Services *</b>		
<b>Legal Services *</b>		
<b>Other Services</b>		
<b>Chief Executive(s)</b>	10/2/2022	
<b>Head of Service(s)</b>	10/2/2022	
<b>Section 151 Officer</b>	10/2/2022	
<b>Monitoring Officer</b>	10/2/2022	
<b>CMT (WDC)</b>	10/2/2022	
<b>Leadership Co-ordination Group (WDC)</b>	10/2/2022	
<b>Other organisations</b>		
<b>Final decision by this Committee or rec to another Cttee/Council?</b>		The former.
<b>Contrary to Policy/Budget framework</b>		No
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>		No
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>		No.
<b>Accessibility Checked?</b>		File/Info/Inspect Document/Check Accessibility

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

### Review of Progress

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Last-reported Positions	Position as at beg-Feb 2022
7.1	There are clearly major risks associated with the proposal to merge Warwick District Council and Stratford-on-Avon District Council. A comprehensive joint Risk Register in relation to this project needs to be prepared and monitored.	Corporate Management Team	<p><b>Mid-August 2021:</b> It has been agreed that the Council's Significant Business Risk Register will be updated to include a specific additional entry regarding the merger. This will be included for the next time the SBRR is reviewed.</p> <p><b>Mid-November 2021:</b> The SBRR has been updated to include reference to the Programme Implementation work and a specific risk register relating to the merger has been produced. It is monitored by the Programme Board and has been reported to the Overview &amp; Scrutiny Committee.</p>	Governance Issue completed – no further action required.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Last-reported Positions	Position as at beg-Feb 2022
7.2	Business Continuity Plans have been neglected during the pandemic. In the light of extensive homeworking service business continuity plans need to be reviewed and updated.	Corporate Management Team	<p><b>Mid-August 2021:</b> This review needs to be scheduled amongst all the other work that is being planned and as services are coming together with SDC, it is anticipated that this exercise should be done jointly.</p> <p><b>Mid-November 2021:</b> As part of the Service Area Planning process for 2022/23, Joint Management Team will revise the Business Continuity Plans so that they reflect the fact that Services are now managed by a single Head of Service. This work will be completed by end of June 2022.</p>	Updated Business Continuity plans were requested by the Emergencies and CCTV Team Leader in Autumn of 2021. A number were provided by a few remain outstanding. This is on the work programme to be chased again. However, we will be looking to align the templates with that used by SDC for the 2023 versions.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Last-reported Positions	Position as at beg-Feb 2022
7.3	The range and content of performance data that councillors receive is under review. As part of this, the review needs to consider how best Councillors can fulfil their scrutiny role of contract registers, service risk registers and performance data to ensure that the information can be accessed by Councillors and brought forward for detailed scrutiny as deemed necessary.	Corporate Management Team	<p><b>Mid-August 2021:</b> This review needs to be scheduled amongst all the other work that is being planned and as services are coming together with SDC, it is anticipated that this exercise should be done jointly.</p> <p><b>Mid-November 2021:</b> This is an ongoing piece of work through engagement with the Overview &amp; Scrutiny Committee. It will be completed by end of June 2022.</p>	A new service plan template which included the service risk register, a list of the contracts requiring renewal in that year and key performance monitoring has been produced. This is due to be discussed with SDC and WDC cabinet before being finalised. The new template will enable data to be surfaced both in detail within the service area but also pull together and consolidated for a corporate report.

Title: Internal Audit Plan 2022/23 & Internal Audit Charter 2022/23  
Lead Officer: Richard Barr  
Portfolio Holder: Councillor Hales  
Wards of the District directly affected: None directly impacted

---

## **Summary**

The report presents the Internal Audit Strategic Plan 2022/23 and the Internal Audit Charter 2022/23 for consideration and approval.

## **Recommendation**

- 1 That Members consider and approve the Internal Audit Strategic Plan 2022/23 and the Internal Audit Charter 2022/23.
- 

## **1 Background: Internal Audit Plan**

- 1.1 Internal Audit provides an independent opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.2 The Internal Audit Plan 2022/23 comprising the planned reviews over this period is set out as the first appendix to this report.
- 1.3 The Audit Plan is organised as follows:
  - Risk-based coverage
  - Coverage for core activities that traditionally require Internal Audit input for assurance on financial probity and regularity
  - Other internal audit coverage.
- 1.4 The audits set out in the Plan are performed throughout the year with timings (start dates) agreed with managers on individual audits, usually at the beginning of the year.
- 1.5 Internal Audit usually present a three-year strategic plan for approval. However, due to the programme of service integrations combined with the change of provision of the audits for Stratford-on-Avon District Council from Warwickshire County Council to us in 2023/24 (subject to approval), it was prudent to only set out a plan for one year in this instance.
- 1.6 The Internal Audit Charter for delivering this assurance is also included and is set out in Appendix 2.

## **2 Formulation of Plan**

- 2.1 To produce the audit plan the following has been taken into account:
- The strategic objectives of the organisation and the specific risks associated with those objectives;
  - the content of risk registers and assurance frameworks to understand the risks faced, and the controls that the organisation places reliance on to manage those risks;
  - areas of concern or previous requests for coverage from management and the Finance and Audit Scrutiny Committee;
  - areas where the External Auditors may wish to place reliance on the testing performed by Internal Audit;
  - any recent significant changes within the organisation and its operations;
  - regulatory requirements for internal audit coverage;
  - emerging issues, including any additional risks that do not appear on the risk profile but which may merit internal audit coverage;
  - the results of previous internal audit coverage.
- 2.2 Due to the abovementioned service integrations, a number of the audits will be undertaken in conjunction with Warwickshire County Council so that the processes in place at both Warwick and Stratford are reviewed together.

## **3 Consultation**

- 3.1 Prior to a formal draft audit plan being issued, a series of meetings has been held with the Chief Executives, the two Deputy Chief Executives and the Heads of Service (i.e. each member of JMT).
- 3.2 The audits that were due to be undertaken, based on 'Year 2' of the previous strategic plan were discussed with these staff, along with the audits that had been slipped from the current financial year due to the departure of a member of the Internal Audit team at the end of December 2021.
- 3.3 As suggested above, queries were also raised at the meetings as to whether any emerging issues were felt to warrant coverage by Internal Audit and, due to resource constraints, they were also asked to identify any audits that were not high priority which could be slipped to the following year.
- 3.4 Views were sought on:
- ❖ The amounts of time allocated to the various proposed assignments;
  - ❖ whether anything important has been missed;
  - ❖ whether any planned assignments should be excluded (because, for example, the function is considered very low risk or because the function is no longer performed);
  - ❖ whether any risk profiles had changed significantly in the last 12 months.
- 3.5 The revised Plan, attached, reflects the feedback that has been received and sets out a balanced plan.

#### **4 Alternative Options available to Committee**

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

#### **5 Consultation and Members' comments**

5.1 Include any comments received in response to the consultation on the report.

No comments received.

#### **6 Implications of the proposal**

##### **6.1 Legal/Human Rights Implications**

6.1.1 Include a summary of the legal or human rights implications of the proposal.

Not applicable.

##### **6.2 Financial**

6.2.1 Include a summary of the financial implications of the proposal

Not applicable.

##### **6.3 Council Plan**

###### **6.3.1 External Impacts**

**People - Health, Homes, Communities**

**Services - Green, Clean, Safe**

**Money- Infrastructure, Enterprise, Employment**

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

###### **6.3.2 Internal Impacts**

**People - Effective Staff**

**Services - Maintain or Improve Services**

**Money - Firm Financial Footing over the Longer Term**

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

##### **6.4 Environmental/Climate Change Implications**

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

##### **6.5 Analysis of the effects on Equality**

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

## 6.6 **Data Protection**

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

## 6.7 **Health and Wellbeing**

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

## 7 **Risk Assessment**

7.1 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.

## 8 **Conclusion/Reasons for the Recommendation**

8.1 The Internal Audit Plan is an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

8.2 The compilation of the Internal Audit Charter is a requirement of the Public Sector Internal Audit Standards.

### **Background papers:**

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

### **Supporting documents:**

JMT minutes.

## Report Information Sheet

<b>Committee/Date</b>	Finance & Audit Scrutiny Committee – 9 March 2022	
<b>Title of report</b>	Internal Audit Plan 2022/23 and Internal Audit Charter 2021/22	
<b>Consultations undertaken</b>		
<b>Consultee *required</b>	<b>Date</b>	<b>Details of consultation / comments received</b>
<b>Ward Member(s)</b>		
<b>Portfolio Holder WDC &amp; SDC *</b>	28/2/2022	
<b>Financial Services *</b>		
<b>Legal Services *</b>		
<b>Other Services</b>		
<b>Chief Executive(s)</b>	24/2/2022	
<b>Head of Service(s)</b>	24/2/2022	
<b>Section 151 Officer</b>	24/2/2022	
<b>Monitoring Officer</b>	24/2/2022	
<b>CMT (WDC)</b>	24/2/2022	
<b>Leadership Co-ordination Group (WDC)</b>	24/2/2022	
<b>Other organisations</b>		
<b>Final decision by this Committee or rec to another Cttee/Council?</b>		The former.
<b>Contrary to Policy/Budget framework</b>		No
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>		No
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>		No.
<b>Accessibility Checked?</b>		File/Info/Inspect Document/Check Accessibility

Client Service	Assignment Name	Assignment Objective	Year Last Audited	Assurance Rating Last Audit	Days (2022-23)
Assets	Corporate Properties Repair and Maintenance	Assess the adequacy of controls to maintain the Council's non-housing property assets in proper state of repair, including planning, procurement and work management processes.	2017-18	Substantial	13
Assets	Gas and Electrical Safety Checks	Evaluate the controls in place for ensuring that all Council housing stock has had appropriate gas and electrical safety checks performed and that any actions identified as being required are performed as necessary.	2019-20	Substantial	11
Assets	Corporate Health and Safety	To ensure that appropriate processes are in place to meet the Council's statutory obligations on health and safety as an employer and provider of services and facilities to customers and the public.	2019-20	Substantial	7
Assets	Health & Safety Compliance of Council Buildings	To ascertain whether the buildings owned and operated by the Council are compliant with relevant Health & Safety legislation	2019-20	Moderate	11
Assets / Housing	Housing Stock Asset Management	Appraisal of systems for effective management of the portfolio including maintenance of proper records, asset utilisation, and progressing relevant provisions of Asset Management Plan (excludes rent accounting - covered as separate assignment).	2019-20	Substantial	14
Community Protection	Emergency Planning & Business Continuity Management	Evaluate the adequacy of arrangements in place to secure effective Council response to civil emergency incidents in accordance with its statutory duties.	2017-18	Substantial	6
Community Protection	Food Safety	Appraise the adequacy of the systems and controls in place to ensure that all applicable premises are identified and inspected, incidents are appropriately responded to, resources are efficiently, effectively and economically deployed and objectives met	2019-20	Substantial	10
Community Protection	Community Services	To ascertain whether there are adequate controls in place to ensure that the Pest Control, Dog Warden and Public Space Protection Orders functions are undertaken appropriately.	2018-19	Substantial	8
Community Protection	CCTV Services	Evaluation of operational controls within the CCTV service to ensure effective continual serviceability and contribution to street scene objectives.	2019-20	N/A - Consultancy	11
Community Protection	Safeguarding	To ascertain whether there are appropriate policies and procedures in place to identify and deal with those that need 'safeguarding (i.e. children and vulnerable adults).	2019-20	Substantial	8

Client Service	Assignment Name	Assignment Objective	Year Last Audited	Assurance Rating Last Audit	Days (2022-23)
Corporate Functions	Sustainability and Delivery Outcomes	To ascertain whether there are adequate controls in place to manage the risks in relation to sustainability and the projects that are undertaken to achieve the Council's agreed sustainability actions.	2017-18	Substantial	6
Culture Tourism & Leisure	Royal Spa Centre	To ensure that the Council has appropriate controls in place over the operational and financial activities of the venue.	2017-18	Substantial	14
Culture Tourism & Leisure	Royal Pump Rooms (including Art Gallery)	To ensure that the operational, financial and management controls at the Royal Pump Rooms and Art Gallery are appropriate.	2018-19	Substantial	11
Culture Tourism & Leisure	Town Hall Lettings	To ensure that the Council has appropriate controls in place over the hiring of the facilities, both in terms of income receivable and safeguarding the facilities against loss and damage.	2017-18	Substantial	8
Culture Tourism & Leisure	Leisure Facilities Contracts	To ascertain whether the Council has appropriate controls in place to ensure that the Leisure Facilities contractor runs the facilities in line with the contract in place.	2018-19	Substantial	11
Environmental & Operational Services	Open Spaces	Report a level of assurance on the adequacy of structures and processes in delivering relevant community, strategic and operational objectives in respect of open spaces.	2019-20	Substantial	11
Environmental & Operational Services	Bereavement Services	Assess adequacy of controls in place to ensure economic, efficient and effective management of burial and cremation services and integrity of operational systems and statutory records.	2019-20	Substantial	11
Finance	Financial Strategy, Planning and Budgetary Control	To ensure that there are appropriate controls in place for financial planning and budgetary control to ensure that the Council's operations and key objectives continue to be sufficiently resourced.	2019-20	Substantial	8
Finance	Main Accounting System	To ascertain whether there are adequate controls in place to allow for the complete and accurate accounting of all financial transactions and timely production of final accounts in accordance with statutory and regulatory requirements.	2019-20	Substantial	13
Finance	Treasury Management	To ascertain whether there are appropriate controls and processes in place for the delivery of treasury management in accordance with relevant legislation, Statement of Professional Practice, Codes of Practice and associated guidance.	2019-20	Substantial	13

Client Service	Assignment Name	Assignment Objective	Year Last Audited	Assurance Rating Last Audit	Days (2022-23)
Finance	Sundry Debtors	To ensure that there are appropriate systems and controls in place for the raising of sundry debtor invoices, the accounting for invoices and income received in settlement, the recovery of arrears and the writing-off of bad debts.	2019-20	Substantial	12
Finance	Payment of Creditors	To ensure that appropriate arrangements are in place to pay valid creditors for goods and services provided and ensuring that transactions are properly accounted for.	2018-19	Substantial	12
Housing	Homelessness and Housing Advice	Appraisal of systems to ensure compliance with statutory/regulatory/policy requirements, achievement of relevant performance objectives and integrity of financial transactions.	2019-20	Substantial	12
Housing	Affordable Housing Development Programme	Appraisal of systems in place for implementation of Programme, monitoring adherence to relevant policies, management of funding, partnership working and performance review/reporting.	2019-20	Substantial	12
Housing	Lettings and Void Control	To ascertain whether there are adequate controls in place for the effective administration of residential property letting.	2019-20	Substantial	13
Housing	Right to Buy	Appraise the adequacy of the arrangement in place to ensure compliance with legislation, efficient and effective processing of applications and adherence to the associated conditions.	2018-19	Substantial	8
ICT Services	Cyber Security / Maturity	Joint audits with SDC to be undertaken by TIAA	2020-21	Substantial	5
ICT Services	Infrastructure (Integration)		N/A	N/A	5
ICT Services	Business Applications (2)		To be determined		14
Law & Governance	Corporate Governance	To ensure that the Council has appropriate structures, procedures and monitoring arrangements in place with reference to relevant standards.	2021-22	Substantial	5
Law & Governance	Electoral Registration	Report a level of assurance on the adequacy of structures and processes to maintain economically, efficiently and effectively a complete, accurate and up-to-date Electoral Register in accordance with relevant legislation and standards.	2018-19	Substantial	11
People & Communications	Payroll and Staff Expenses	To ascertain whether there are adequate control in place to ensure that only bona fide employees and Members are paid according to entitlement, and that all payments, deductions, etc. are properly discharged and accounted for.	2018-19	Substantial	13

Client Service	Assignment Name	Assignment Objective	Year Last Audited	Assurance Rating Last Audit	Days (2022-23)
People & Communications	Recruitment and Selection, Terms and Conditions	Appraisal of systems to ensure compliance with statutory requirements and performance issues in setting/reviewing conditions of service, effective recruitment processes operated and appropriate action on termination of service.	2019-20	Substantial	7
Place & Economy	Planning Policy	To ascertain whether the processes in place help the Council monitor progress against the Local Plan and to ensure that appropriate policies are being developed to allow for the developments to be undertaken in line with best practice.	2019-20	Substantial	11
Revenues & Customer Services	Council Tax	To ascertain whether there are adequate controls in place to ensure that the Council raises accurate and timely Council Tax bills and that appropriate steps are taken with regards to the recovery of monies owed and the enforcement of any debt agreements	2020-21	Substantial	10
Revenues & Customer Services	National Non-Domestic Rates	To ascertain whether there are adequate controls in place to ensure that the Council raises accurate and timely NNDR bills and that appropriate steps are taken with regards to the recovery of monies owed and the enforcement of any debt agreements	2020-21	Substantial	10
				<b>TOTAL</b>	<b>365</b>

WDC share of overall days (10 per audit)

## OTHER FUNCTIONS AND RESOURCE BALANCING

Category	Function	Days (2022-23)
Ongoing Advisory Input and Non-Audit Duties	National Fraud Initiative	15
	Sundry Advice & Consultancy (Miscellaneous assignments)	15
Contingency Audit Work	Service Integration Advice	10
	CWG Post-Event Assurance	5
Contingency Non-Audit Work	(Miscellaneous assignments)	5
	QAIP Ongoing Standards Review	5
PIA Management Time	Various duties	75
<b>TOTAL OTHER FUNCTIONS</b>		<b>140</b>
TOTAL ALL AUDITS		365
<b>TOTAL AUDIT DAYS REQUIRED</b>		<b>505</b>
TOTAL INTERNAL AUDIT DAYS AVAILABLE *		481
ESTIMATED DAYS CONTRACTED OUT (IT AUDIT)		24
<b>Total Estimated Resources Available</b>		<b>505</b>
<b>SURPLUS / SHORTFALL (-)</b>		<b>0</b>

**\* Total Internal Audit Days Available**

Total Days for 3.0 FTE	780
<u>Less:</u>	
Absence (Annual Leave, Statutory Holidays, Sickness, etc.)	142
Administration & Training	157
Target productive time (days)	481
Target productive time as % of available time	74%

**Estimates for PIA Management Time****2022-23**

TIAA Contract Management	5
Corporate Fraud Contract Management	5
Staff Supervision & Review of Work	10
Deputising for Audit & Risk Manager	5
Planning & Progress Recording	10
Stratford (Planning & Prep Work)	20
Recommendation Tracking	10
General Management	10
	75

**Estimates for Non-Chargeable Time****2022-23**

Reading (e.g. journals, committee papers etc.)	9
Audit Planning (individual auditor assignments)	9
Time Recording (individual auditor timesheets)	9
Training	70
Team Meetings/Briefings	21
Sundry Administration	30
Corporate Initiatives/Briefings	6
Service Development	3
	157

**Estimates for Absence****2022-23**

Bank Holidays (Assuming additional two days)	36
Annual Leave	85
Sickness	15
Other Leave	6
	142

## **Internal Audit Charter 2022-23**

### **1 Introduction**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Council to have an Internal Audit Charter that must be approved by Senior Management and the Audit Committee (or its equivalent). The Charter defines the purpose, authority and responsibility of Internal Audit. It also sets out the nature of the Chief Audit Executive's<sup>1</sup> functional relationship with the board<sup>2</sup> as well as the rights of access to records, personnel and physical properties relevant to internal audit engagements.

### **2 Definition of Internal Audit**

- 2.1 The Chartered Institute of Internal Auditors defines internal audit as follows:

“Internal auditing is an independent, objective assurance and consulting activity<sup>3</sup> designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

### **3 Purpose of Internal Audit**

- 3.1 Internal audit is an arm of management. Management is responsible for internal control and establishing policies and procedures to help the council achieve its objectives. To provide optimum benefit to the council, internal audit works in partnership with management to improve the control environment and assist the organisation in achieving those objectives. This is achieved through the mix of audit work e.g. assurance work and consultancy and advice, whether this is ad hoc or through project related work. The objective supports the 'Mission of Internal Audit' which is defined within section 3 of the PSIAS as 'To enhance and

---

<sup>1</sup> The term Chief Audit Executive (CAE) is the generic title used in the Public Sector Internal Audit Standards to describe the head of internal audit at an organisation. The CAE describes the role of a person in a senior position responsible for managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The CAE, or others reporting to the CAE, will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the CAE may vary across organisations. At WDC the CAE has the post title of Audit and Risk Manager.

<sup>2</sup> In the Council's case the board is held to be the Finance and Audit Scrutiny Committee.

<sup>3</sup> An assurance engagement is an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organisation. Examples of the types of engagements that would be considered assurance engagements include financial, performance, and compliance audits. Consulting activities are advisory and related client service activities, the nature and scope of which are agreed upon with the client and which are intended to add value and improve an organisation's operations without the internal auditor assuming management responsibility. Consulting activities includes such activities as conducting internal control training, providing advice to management about the control concerns in new systems, drafting policies, and participating in quality teams.

protect organisational value by providing risk-based and objective assurance, advice and insight’.

#### **4 Statutory Basis of Internal Audit**

- 4.1 Within local government there is a statutory requirement for an internal audit function. The 2003 Accounts and Audit Regulations (as amended by the 2006, 2009, 2011 and 2015 Regulations) require that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”
- 4.2 In addition, the Council’s Chief Finance Officer (the Head of Finance) has a statutory duty under Section 151 of the Local Government Act 1972 to “make arrangements for the proper administration of the authority’s financial affairs”. This assumes, amongst other duties, provision of an effective internal audit function. The Section 151 Officer relies, amongst other sources, upon the work of internal audit in reviewing the operation of systems of internal control and financial management.

#### **5 Core Principles for the Professional Practice of Internal Auditing**

- 5.1 The PSIAS set out Core Principles that underpin the effectiveness of internal audit. The application of the principles will help internal audit achieve its mission. The principles and how Internal Audit at Warwick District Council (‘the Council’ or ‘WDC’) achieve these are set out below:

Principle	Examples of how the principles are applied
Demonstrates integrity	<ul style="list-style-type: none"> <li>• Confidentiality of work undertaken.</li> <li>• Building trust with clients.</li> <li>• Compliance with requirements of relevant professional bodies.</li> <li>• Requirements with rules and procedures of the Council.</li> </ul>
Demonstrates competence and due professional care	<ul style="list-style-type: none"> <li>• Quality-assured work.</li> <li>• Work towards professional qualification.</li> <li>• Training and development.</li> </ul>
Is objective and free from undue influence.	<ul style="list-style-type: none"> <li>• Ensure there is no conflict of interest.</li> <li>• Factual accuracy of audit findings</li> <li>• Safeguard arrangements in relation to CAE role</li> </ul>
Aligns with the strategies, objectives and risks of the organisation.	<ul style="list-style-type: none"> <li>• Risk based audit plan</li> <li>• Consideration of risks with corporate risk register (SBRR)</li> <li>• ICT risk assessment</li> </ul>
Is appropriately positioned and adequately resourced.	<ul style="list-style-type: none"> <li>• Independently located within the Council’s organisational structure</li> </ul>

Principle	Examples of how the principles are applied
	<ul style="list-style-type: none"> <li>• Adequate staff resource to deliver the audit plan</li> <li>• Direct reporting line to senior management and to chair of Finance &amp; Audit Scrutiny Committee</li> </ul>
Demonstrates quality and continuous improvement	<ul style="list-style-type: none"> <li>• Delivery of quality assurance and improvement actions</li> </ul>
Communicates effectively	<ul style="list-style-type: none"> <li>• Client satisfaction feedback</li> <li>• Clear and concise planning engagement</li> <li>• Quality of audit reporting and recommendations</li> <li>• Assurance to Finance &amp; Audit Scrutiny Committee</li> </ul>
Provides risk-based assurance	<ul style="list-style-type: none"> <li>• Categorisation of audit opinions and recommendations</li> <li>• Audit work linked to corporate objectives</li> <li>• Auditing "what matters".</li> </ul>
Is insightful, proactive and future-focused	<ul style="list-style-type: none"> <li>• Participates within professional networks</li> <li>• Horizon scanning of internal and external audit-related activity</li> <li>• Service development time allowed</li> </ul>
Promotes organisational improvement	<ul style="list-style-type: none"> <li>• Implementation of audit recommendations</li> <li>• Development time allocated within the Audit Plan</li> <li>• Consultancy and advice on corporate projects</li> </ul>

## 6 Responsibility, Authority and Scope of Internal Audit

- 6.1 Internal Audit's responsibilities are defined by the Finance and Audit Scrutiny Committee, via this Charter, as part of their oversight role. Internal audit activity is approved and overseen by the Finance and Audit Scrutiny Committee.
- 6.2 Internal Audit, with strict accountability for confidentiality and safeguarding records and information, has full and unrestricted access to all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are required to assist Internal Audit in fulfilling its roles and responsibilities.
- 6.3 Internal Audit has direct, free and unrestricted access to senior management, the Finance and Audit Scrutiny Committee, the Chief Executive and the Leader of the Council. The Section 151 Officer and the Finance and Audit Scrutiny Committee will jointly agree the level of

internal audit resource to be deployed at the Council. The Audit and Risk Manager will communicate and interact directly with the senior management and the Finance and Audit Scrutiny Committee.

- 6.4 For line management purposes, the Audit and Risk Manager will report to the post of Head of Finance at Warwick District Council. The Chief Executive or Deputy Chief Executive will approve all decisions regarding the performance evaluation of the Audit and Risk Manager as part of the Council's Performance Management Framework.
- 6.5 The following groups are defined in terms of their powers and responsibilities in relation to Internal Audit:

*Finance and Audit Scrutiny Committee*

The PSIAS refers to 'the board'. This is usually taken to mean the audit committee. Its key responsibility as per the PSIAS is to maintain an overview on the adequacy of the council's governance, internal control and risk management processes. The Council's Finance and Audit Scrutiny Committee operates as the organisation's audit committee.

The Finance and Audit Scrutiny Committee is responsible for overseeing the effectiveness of the internal audit function, and holding the Audit and Risk Manager to account for delivery, through the receipt of regular reports and updates. The Finance and Audit Scrutiny Committee is responsible for the effectiveness of the governance, risk and control environment within the Council, holding managers to account for delivery.

*Senior Management<sup>4</sup>*

Senior management is responsible for helping to shape the programme of assurance work through analysis and review of key risks. Senior management is responsible for responding to reports issued by Internal Audit and for implementing recommendations within agreed timescales.

- 6.6 The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit extend to the entire control environment of the organisation and include:
- Consistency of operations with established objectives and goals
  - Effectiveness and efficiency of operations and employment of resources
  - Compliance with significant policies, plans, procedures, laws, and regulations
  - Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information

---

<sup>4</sup> Senior management comprises the members of the Senior Management Team i.e. the Chief Executive, the Deputy Chief Executive and the Heads of Service Areas.

- Safeguarding of assets.
- 6.7 Internal Audit is responsible for evaluating all processes ('audit universe') of the organisation including governance processes and risk management processes. It also assists the Finance and Audit Scrutiny Committee in evaluating the quality of performance of external auditors and ensuring a proper degree of coordination with Internal Audit is maintained.
- 6.8 Due to its detailed knowledge and understanding of risks and controls, Internal Audit is well placed to provide advice and support on emerging risks and issues. As a result, Internal Audit, where it has the necessary skills and resources to do this, may perform consulting and advisory services as appropriate for the organisation as determined by the Audit and Risk Manager on a case-by-case basis. It may also evaluate specific operations at the request of the Finance and Audit Scrutiny Committee and senior management, as appropriate.
- 6.9 Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Finance and Audit Scrutiny Committee and to senior management, including fraud risks, governance issues, and other matters requested by these bodies. This can include the results of investigations, whether related to the conduct of staff or otherwise. This ensures Internal Audit plays a key role in providing assurance to the Finance and Audit Scrutiny Committee and senior management on the effectiveness of the entire control environment.

## **7 Professionalism and Ethical Behaviour**

- 7.1 The work of Internal Audit is governed by the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit's performance.
- 7.2 In addition, Internal Audit will adhere to the Council's relevant policies and procedures as well as its own operating procedures set out in its Internal Audit Manual.
- 7.3 When undertaking their work, internal auditors are required to demonstrate integrity, objectivity, confidentiality and competency. This establishes trust and thus provides the basis for reliance on their judgement. Internal Audit officers will have due regard to the Committee on Standards of Public Life's 'Seven Principles of Public Life' and must comply to the code of ethics of any professional body where they are members.

## **8 Independence and Objectivity**

### **8.1 *Organisational Independence***

8.1.1 Internal Audit is part of the Finance service area and the Audit and Risk Manager reports directly to the Head of Finance. The PSIAS requires that the CAE must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. To enable this to happen, the CAE has unfettered access to the Chief Executive, the Deputy Chief Executive and Monitoring Officer, the Chair of the Finance and Audit Scrutiny Committee and to the Finance Portfolio Holder. To develop effective communication with the Chair, regular meetings are held to provide an update on internal audit activities.

8.1.2 Organisational independence is also achieved through functional reporting to the Finance and Audit Scrutiny Committee. Examples of functional reporting include the approval of this charter, approval of the internal audit plan, receiving regular monitoring reports on internal audit activity and the presentation of an annual report. The annual report will be timed to support the Council's Annual Governance Statement. Confirmation of Internal Audit's organisational independence will be included in the annual report of the Audit and Risk Manager.

8.1.3 A key determinant of the effectiveness of internal audit is that it is seen to remain free from interference in all regards. This shall include, but not limited to matters of audit selection, scope, procedure, frequency, timing or report content. To ensure this, Internal Audit will operate within a framework that allows unrestricted access to senior management and members, reporting in its own name and segregation of team members from line operations.

8.1.4 It is not uncommon, given the financial challenges facing local government, that a CAE will have operational responsibility for other service areas. At Warwick District Council, the Audit and Risk Manager has responsibility for Risk Management, Insurance and Corporate Fraud Investigation.

8.1.5 PSIAS standard 1112 requires that where responsibilities of the CAE fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity. In practical terms, at Warwick District Council, where an audit is to be undertaken on a service area that is managed by the Audit and Risk Manager then the audit will be reviewed and signed off by the Head of Finance. The relevant internal auditor will report direct to the Head of Finance for the purpose of approving documentation such as the audit assignment brief and draft and final reports.

### **8.2 *Individual Objectivity***

8.2.1 Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest. Internal auditors must exhibit the highest level of

professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others when forming judgements.

- 8.2.2 Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement.
- 8.2.3 In addition to the ethical requirements of the various professional bodies, each auditor is required to declare proactively any potential 'conflict of interest' prior to the commencement of each audit assignment. The Audit and Risk Manager will consider the materiality of the conflict and if necessary take remedial action. For example, assigning the audit to another team member or contracting the audit work externally.
- 8.2.4 All auditors are required to sign an annual declaration of interest to ensure that the allocation of audit work avoids conflict of interest. Auditors who undertake any consultancy work will be prohibited from auditing those areas. Audits are rotated within the team to avoid over-familiarity and complacency.

## **9 Role in Anti-Fraud**

- 9.1 Managing the risk of fraud and corruption is the responsibility of management. At WDC this responsibility is defined within the Council's Code of Financial Practice and within the Anti-fraud and Corruption Strategy. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption.
- 9.2 The work programme of Internal Audit is designed, in part, to help deter fraud and corruption. With this in mind, Internal Audit bases its planning on regular risk assessment and works with senior managers in determining its programme of work.
- 9.3 Internal Audit will also share information with relevant partners, where lawful and appropriate, to increase the likelihood of detecting fraudulent activity and reduce the risk of fraud to all. This includes co-ordinating the statutory data matching processes and investigations arising under the National Fraud Initiative.
- 9.4 The Audit and Risk Manager must be notified immediately of all suspected or detected fraud, theft, corruption or any other impropriety so that the impact upon control arrangements can be evaluated, including implications for the provision of an overall opinion on the internal control environment contained within the Internal Audit Annual Report as well as implications for the Annual Governance Statement.

## **10 Resourcing**

- 10.1 The Internal Audit service is provided through an in-house team of three full time equivalent officers. These officers report to the Audit and Risk Manager. The team sits within the Finance service area.
- 10.2 The audit plan is aligned to the available staff resource and this resource is deemed sufficient to ensure the coverage and effectiveness of internal audit activity. The remit of Internal Audit is not just related to financial control and therefore it is essential the skills mix within the team reflects this wider responsibility. Where necessary, if it is deemed the audit team do not possess the required skills and knowledge or to supplement the in-house resource where that is insufficient in size, resources from external providers are utilised.
- 10.3 The Audit and Risk Manager is responsible for ensuring that the resources of the Internal Audit section are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was the opinion these resources were insufficient, this would be formally reported to the Head of Finance and to the Finance and Audit Scrutiny Committee. It would also be reported to other members of senior management if deemed necessary.

## **11 Relationship with External Audit**

- 11.1 Both internal audit and external audit have a commitment to work together to ensure resources are effectively and efficiently deployed. The two parties should meet regularly to support a cooperative, professional working relationship, share relevant information and coordinate the overall audit effort.
- 11.2 Both parties should advise each other of any significant issues which arise as soon as practicable, and of any changes or delays in agreed areas of reliance. They should also liaise during the planning stage of producing audit plans to ensure the timing and scope of our work makes the most of coverage and avoids duplication. External audit will have full and free access to all internal audit documentation.

## **12 Internal Audit Planning**

- 12.1 At least annually, the Audit and Risk Manager will submit to the Finance and Audit Scrutiny Committee an Internal Audit Plan for review and approval. The Internal Audit Plan will include resource requirements. The Audit and Risk Manager will communicate the impact of resource limitations and significant interim changes to senior management and the Finance and Audit Scrutiny Committee.
- 12.2 The Internal Audit Plan will be developed based on a prioritisation of the audit universe using a risk-based methodology and on extensive consultation with stakeholders, including the Council's managers.

12.3 Any significant deviation from the approved Internal Audit Plan will be communicated through the periodic activity reporting process.

### **13 Reporting and Monitoring**

13.1 The Audit and Risk Manager will arrange for a written report to be prepared and issued following the conclusion of each internal audit engagement; this will be distributed to appropriate managers at various stages of draft. When the report is in final form it will also be issued to the relevant member portfolio holder.

13.2 The Internal Audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations.

13.3 Management's response will include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

13.4 Internal Audit will determine the state of implementation of recommendations contained in audit reports. For each assignment, managers are expected to provide Internal Audit with updates on the completion of the agreed action with evidence provided accordingly. Finance and Audit Scrutiny Committee will be informed of the completion (or otherwise) of the agreed actions on a quarterly basis.

13.5 The Audit and Risk Manager will consider any request from external stakeholders for reports on the results of internal audit activity, in consultation with senior management.

13.6 The Audit and Risk Manager will issue quarterly update reports to the Finance and Audit Scrutiny Committee to advise on the results of each internal audit engagement.

13.7 As set out in the PSIAS, para 2450, the CAE must also provide an annual report to the board that includes:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework
- A summary of the audit work from which the opinion is derived, and
- A statement on conformance with the PSIAS and the results of the Internal Audit Quality Assurance and Improvement Programme

13.8 Thus, every internal audit report should give an opinion on the risk and controls of the area under review, building up to the annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

13.9 A fundamental part of the work undertaken by Internal Audit is the follow up of audit recommendations to ensure that management actions have been properly implemented. The Finance and Audit Scrutiny

Committee has the remit to call in any officer to explain where recommendations remain unaddressed. All audit opinions and the results of follow up work, particularly the need to escalate any outstanding recommendations and/or adverse audit opinions, are also considered by the senior management team on a quarterly basis.

#### **14 Periodic Assessment of the Effectiveness of Internal Audit**

- 14.1 In accordance with the Public Sector Internal Audit Standards, internal assessments of the performance of the internal audit function that include ongoing monitoring of the activity and periodic self-assessments will be undertaken. In addition, an external assessment must be conducted at least once every five years by a qualified, independent assessor from outside the organisation.

#### **15 Review of the Internal Audit Charter**

- 15.1 This Charter will be subject to annual review by the Audit and Risk Manager and subsequent approval by the Finance and Audit Scrutiny Committee.

Our ref: WDC VFM 20-21

Jonathan Nicholls  
Finance and Audit Scrutiny Committee Chair  
Warwick District Council  
Riverside House  
Milverton Hill  
Leamington Spa  
CV32 5HZ

---

**Grant Thornton UK LLP**

The Colmore Building  
20 Colmore Circus  
Birmingham  
B4 6AT

T +44 (0)121 212 4000

1 March 2022

Dear Jonathan, Chair of Finance and Audit Scrutiny Committee as TCWG

**VFM – Delay to Auditor’s Annual Report**

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

We wrote to you on 22 September 2021 to confirm that we expected to publish our Auditor’s Annual Report, including our commentary on arrangements to secure value for money, no later than 31 December 2021. In our Audit Findings update report, presented to the Finance and Audit Scrutiny Committee on 8 December 2021, we explained that we planned to present our Auditor’s Annual Report on 9 February 2022.

We have been working closely with officers but owing to other priorities and commitments, such as finalisation of the budget, officers have not yet been able to provide the final pieces of information and evidence that we have requested. We now expect to publish our report by 14 April 2022.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

We are however pleased to be able to inform you that our work on the Council’s housing benefit / subsidy report was completed and sent to the Department for Work and Pensions on 18 February 2022, which is before the deadline of 28 February.

Yours faithfully

**Grant Patterson**

Engagement Lead and Key Audi  
For and on behalf of Grant Thornton UK LLP

Title: Update on Joint Work of WDC and SDC  
Lead Officer: Chris Elliott (01926 456000)  
Portfolio Holder: Councillor Hales  
Wards of the District directly affected: All

---

### **Summary**

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

### **Recommendation**

That the contents of the report and appendices are noted and any comments arising are presented to the Cabinets of both Councils and the Joint Advisory Steering Group (JASG).

---

## **1 Background/Information**

1.1 This report re iterates the vision agreed by both Councils and the reasons for undertaking this approach; sets out work done to date; the next steps; the key benefits; and the key milestones and intended overall outcome. The changes from the last report are set out in italics.

1.2 Vision – both SDC and WDC at their respective Full Councils agreed the following vision:

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

1.3 Reasons for undertaking this approach:

- Both Councils have significant financial pressures
- Both Councils wish to continue to provide valued services to residents/businesses/local communities
- The two Councils have a good track record of partnership
- There is a shared economic geography between the two Councils
- There is a shared sense of community between the two Councils' areas
- There is a very strong political relationship in place
- The two Councils are within the same County Council area

#### 1.4 Work done to date (including ongoing work) includes:

- Deloitte Report commissioned and agreed by both setting out the high-level business case for the creation of a single South Warwickshire Council
- Vision stated above (paragraph 1.2) agreed by both Councils
- The Cabinet portfolios for both Councils are fully aligned
- Joint contract awarded for the Refuse and Recycling Service
- Agreed to develop jointly a South Warwickshire Local Plan
- Published the first stage of that Plan and issued a call for sites
- Agreed a joint Regulatory Services Enforcement Policy
- Agreed to develop a South Warwickshire Economic Strategy
- Agreed a shared set of ambitions regarding the Climate Emergency
- Joint Staff/HR policies agreed
- Agreed and have appointed a Transformation Programme Manager and Programme Support Officer
- Established a governance regime via the creation of an officer Programme Board (which meets weekly) and the Councillor led Joint Arrangements Steering Group (Reports and Notes of meeting available on the South Warwickshire Together Hub)
- Work on due diligence financially undertaken by LGA consultant and reported to JASG
- Regular meetings with Unison (both branches) on a fortnightly basis
- Communication Hub for all Staff and Councillors of both Councils established – South Warwickshire Together Hub
- Leaders and CEOs meet fortnightly
- Joint Management Team meets fortnightly (2 vacancies immediately saved)
- Discussions have started with the Government regarding the creation of a single South Warwickshire District Council
- Agreed paper for public consultation proposals
- Sharing experience and likewise gaining experience from joint work of other Councils including those who have merged and those who are also considering the same step
- Update presentations given to Councillors, members of staff and Service Managers
- Scrutiny Chairs of SDC/WDC have met
- Start of public consultation on proposal from 6<sup>th</sup> September to 24<sup>th</sup> October – 600 representatives of the community directly surveyed; open form available for all to make their comments; stakeholders notified and asked for comments; focus groups for residents; parish/town council; community/voluntary; business
- Consultation on proposal has taken place.
- CEOs have held a consultation session with over 50 Parish/Town Councils; and with business representatives of the Chamber of Commerce; almost 600 staff have attended CEO briefing sessions. All 3 MPs have been briefed.
- Programme of Service Integration and principle of sharing an HQ was subject to a separate report that has been agreed by both Cabinets.
- Business Case for Joint Legal Service integration was agreed by both Cabinets
- Report to Employment Committee re use of Section 113 Agreements for the Service Integration process

- Both Councils considered and agreed to make a formal application to merge the two organisations to create a single South Warwickshire Council – on Monday 13<sup>th</sup> December
- The application has been acknowledged by a Minister who will lead the work on the assessment.
- Officers have contacted the civil servants to seek follow up meetings and to ensure requests for information are responded to quickly
- Have brought together both Council's Homelessness/Housing Advice teams under the same line manager along with the Community Teams from both Councils. This post will also provide support for the health and well-being work at South Warwickshire Place Partnership Board
- Signed the Joint Waste contract which will start on 1<sup>st</sup> August
- Published the call for sites in response to the proposed new South Warwickshire Local Plan.
- *Jointly agreed the LGA Code of Conduct for Cllrs*
- *Agreed the establishment of a Joint Appointments Committee*
- *Published a report on the next stage of the Joint Local Plan*
- *Secured a collective agreement re the use of S113 agreements with the Trade Unions*
- Incorporating the advised costs of support for integration into each Council's budget proposals.

1.5 The work in train includes the following:

- The recruitment of the staffing of the new Joint Legal Services team is progressing well. This team will take over WDC's legal work from 1<sup>st</sup> April 2022.
- *The plans for the service integration of the Environmental and Operational Service teams are to be subject to staff consultation.*
- *Recruiting to the Joint Head of Financial Services and Head of Development Services positions*
- Officers are planning to bring together standardised approaches on risk management; health and safety reporting; debtor management information; and management of S106 and CIL.
- *Setting out the proposal where there will be a single call centre for transactional issues by phone, to be reviewed and implemented as each service integration occurs.*
- Commissioning a report on options for a shared HQ.
- *Seeking Member agreement to an Inter Authority Agreement.*
- *Working up governance proposals for the Shadow Authority and interim ones for both Councils to be considered in the next cycle of meetings for operation from May.*
- *Undertaking an updated due diligence exercise.*
- Planning to meet the CEO of WALC to start to discuss delegation/devolution arrangements.

- Preparing a South Warwickshire Economic Strategy.
- Preparing a resident's survey as a benchmark.
- *Preparing a critical path gant chart for the merger process which will be reported to at a subsequent meeting and an updated and regularised form for reporting on progress overall.*

1.6 The expected benefits include:

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

1.7 The key milestones are:

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

1.8 The overall outcome would be that a new South Warwickshire Council which has a sustainable financial foundation and so is able to deliver transformed, and relevant services for the residents, businesses, and communities of the area.

## **2 Alternative Options available**

2.1 Strategic options were evaluated as part of the work done for the public consultation and can be seen at the Hub. Both Councils have made the decision to seek a merger and previous decisions have agreed plans for service integration and HQ accommodation.

## **3 Consultation and Member's comments**

3.1 The purpose of this report is to advise Members of current progress and to enable them to make comments.

## **4 Implications of the proposal**

### **4.1 Legal/Human Rights Implications**

4.1.1 As so decided by Members, and if so then by the Government, the proposal will have very significant legal implications in that both SDC and WDC will cease to exist and a new legal identify will come into being.

### **4.2 Financial**

4.2.1 This report itself does not impact on the budgetary framework or budget, but the subject matter of the report will have an impact as was documented in the

report considered in December and in the budget, proposals being considered in February.

#### 4.3 **Council Plan**

##### 4.3.1 **Fit for the Future (FFF)**

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

4.3.3 The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found [on the Council's website](#). The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

#### 4.4 **FFF Strands**

##### **External impacts of proposal(s)**

**People - Health, Homes, Communities** - The report will have no direct impact for the community at this stage, but the overall programme will assist with the ability to continue to provide services.

**Services - Green, Clean, Safe** – As above.

**Money- Infrastructure, Enterprise, Employment** – As above.

##### **Internal impacts of the proposal(s)**

**People - Effective Staff** – The joint work will offer better protection to staff than the alternatives and by being part of a larger workforce it will offer more opportunities for training and progress.

**Services - Maintain or Improve Services** – The joint work is intended to better enable the two Councils to maintain or improve their services.

**Money - Firm Financial Footing over the Longer Term** – It is intended that the work does provide for a firm financial footing over the longer term.

**Supporting Strategies & Changes to Existing Policies** – The joint work will impact on the two Council's policies. Part of the Programme of work will be to bring the policies of the two Councils into line over the period to 2024 and in some cases beyond that.

#### 4.5 **Environmental/Climate Change Implications**

4.5.1 The Councils have agreed joint ambitions on Climate Change and a shared climate change action programme (CCAP). The CCAP provides the basis for joint working to reduce carbon emissions and to enable our communities, economy, and environment to adapt to climate changes. This approach recognises that responses to climate change should not be constrained by administrative boundaries. Furthermore, a single entity will enable a deeper review of the Councils' building assets to be undertaken with the potential to achieve additional carbon reduction measures. Joint working has the potential

to reduce carbon emissions from our buildings by enabling shared use of assets and combined approaches to planning and procuring decarbonisation projects.

- 4.5.2 Work is currently being undertaken to complete a joint carbon baseline exercise to show comparable and joint carbon emissions data for WDC and SDC over the last three years. This data will enable prioritisation to be more effective and will ensure progress on decarbonisation can be reported accurately on a regular basis.

#### 4.6 **Analysis of the effects on Equality**

- 4.6.1 A high-level impact statement prepared in conjunction with public consultation can be seen on the consultation website and will also be published on the South Warwickshire Together Hub.

#### 4.7 **Data Protection**

- 4.7.1 Not applicable.

#### 4.8 **Health and Wellbeing**

- 4.8.1 The development of the South Warwickshire Place Partnership (Health) within the overall new structure for the sub region will greatly assist both Councils ability to help improve health and well-being for the area. As organisations the Councils are also seeking to integrate their approaches to health and safety reporting and response for staff. Both currently offer similar support packages to staff, and this will be integrated and standardised over time.

### 5 **Risk Assessment**

- 5.1 An updated risk register for the joint work is being developed and is attached as Appendix 1 for consideration and comment. This has not altered since it was last reported barley a month ago.
- 5.2 It is worth noting that some risks for Council partnerships elsewhere in the country have been realised. Just after the New Year a public announcement was made that in Hampshire two Councils – East Hampshire and Havant which had been in a partnership for 12 years were going separate ways. Currently they have a single management team and a single Chief Executive and had merged some but not all services and no political merger. A difference in strategic priorities is cited as the reason though behind this no doubt sits some other dynamics relating to style and approach. Some other partnerships have also broken up recently – Cherwell and Oxfordshire County Council; Gloucester City Council and Gloucester County Council; South Holland District Council, Breckland District Council, which has been replaced by a tripartite partnership of three South Lincolnshire District Councils.
- 5.3 Lack of political integration inevitably leaves a significant risk to the partnership of the two Councils.

### 6 **Conclusion/Reasons for the Recommendation**

- 6.1 This report sets out current position on the work being done jointly with SDC.

### Report Information Sheet

Please complete and submit to Democratic Services with draft report

<b>Committee/Date</b>	Overview and Scrutiny/Finance and Audit Committee 8 <sup>th</sup> /9 <sup>th</sup> February 2022	
<b>Title of report</b>	Update on Joint Work with SDC	
<b>Consultations undertaken</b>		
<b>Consultee *required</b>	<b>Date</b>	<b>Details of consultation /comments received</b>
<b>Ward Member(s)</b>	-	
<b>Portfolio Holder WDC &amp; SDC *</b>	28.02.22	Cllr Hales
<b>Financial Services *</b>	28.02.22	Mike Snow
<b>Legal Services *</b>	28.02.22	Phil Grafton
<b>Other Services</b>		
<b>Chief Executive(s)</b>	28.02.22	Chris Elliott
<b>Head of Service(s)</b>		
<b>Section 151 Officer</b>	28.02.22	Mike Snow
<b>Monitoring Officer</b>	28.02.22	Phil Grafton
<b>CMT (WDC)</b>	28.02.22	Chris Elliott, Andy Jones, Dave Barber, Tony Perks
<b>Leadership Co-ordination Group (WDC)</b>		
<b>Other organisations</b>	28.02.22	Tim Oruye - Programme Manager David Buckland SDC
<b>Final decision by this Committee or rec to another Ctte/Council?</b>		Recommendation to Overview and Scrutiny Committee/ Finance and Audit Committee
<b>Contrary to Policy/Budget framework</b>		No
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>		No
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>		No
<b>Accessibility Checked?</b>		File/Info/Inspect Document/Check Accessibility



South Warwickshire Together

Impact	5	Catastrophic	5	10	15	20	25
	4	Major	4	8	12	16	20
	3	Moderate	3	6	9	12	15
	2	Minor	2	4	6	8	10
	1	Negligible	1	2	3	4	5
Score			Rare	Unlikely	Possible	Likely	Very Likely
			1	2	3	4	5
Likelihood							

## Programme Risk Register

Ref	Risk Owner	Risk Description	Potential Consequences	Risk Rating			Mitigation	
				Likelihood	Impact	Overall Risk Rating	Existing Controls	Proposed Actions/Comment
PR001	Programme Board	One or both Councils revisiting the decision made on 13 December 2022	<p>Would put a halt to the current considerations by the Secretary of State of the business case proposal.</p> <p>Reputational damage to both Councils regarding the established partnership.</p> <p>Negative impacts on the overall outcome of the proposed constitutional and or operational merger model.</p>	2	5	10	<p>Continue to progress the various workstreams and projects of the transformation programme.</p> <p>Continue to build a strong record of collaboration between the two Councils, strengthening the rationale for merging.</p> <p>Continue to have open and regular engagement with elected members about the outcomes of all options ahead of key decisions</p>	<p>Explore, implement and promote opportunities for cohesion / alignment on key decisions from either Council to mitigate against any detrimental effects to the formation of a South Warwickshire District Council, to include the potential for joint Forward Cabinet Work Plans and joint OSC work programmes.</p> <p>Further development of joint decision-making committees, joint scrutiny arrangements and joint advisory working groups, to include mechanisms to enable engagement with all members of both Councils.</p> <p>Development of a joint member development working group, to provide the opportunity to devise a joint training programme for all members.</p> <p>Considering the possibility of a joint review of the respective Member Allowances Scheme by the Independent Remuneration Panel, to include any necessary alignment of member role descriptions.</p>

<b>PR002</b>	Programme Board	Failure of constituent Councils to come together to implement the decision to form South Warwickshire District Council	Protracted decisions could lead to delays in programme and operational delivery.	3	4	12	<p>Continue to progress the various workstreams and projects of the transformation programme.</p> <p>Continue to build a strong record of collaboration between the two Councils, strengthening the rationale for merging.</p> <p>Continue to have open and regular engagement with elected members about the outcomes of all options ahead of key decisions</p>	<p>Explore, implement and promote opportunities for cohesion / alignment on key decisions from either Council to mitigate against any detrimental effects to the formation of a South Warwickshire District Council, to include the potential for joint Forward Cabinet Work Plans and joint OSC work programmes.</p> <p>Heads of Service to continuously explore, implement and promote alignment of approaches, processes and service delivery for example when developing Service Plans.</p>
<b>PR003</b>	Programme Board	The Government may not give assent to the merger proposal.	<p>Both councils would have to seek further options to achieve savings and efficiencies</p> <p>Both Councils not realising the full potential of financial and non financial benefits</p> <p>Operational merger that follows a shared service model only, would be subject to further risk of being abandoned in the future with for example, changes to administration or priorities from either Council.</p>	3	4	12	<p>Continue to build a strong record of collaboration between the two Councils, strengthening the rationale for merging.</p> <p>Consult the public and show the results of this consultation along with the responses to any themed concerns</p> <p>Regularly engage with government officials to update on progress and receive any steer on direction</p>	<p>Build a strong business case showing clear financial and non-financial benefits.</p> <p>Further engagement with influential stakeholders.</p>
<b>PR004</b>	Programme Board	A submission to merge the district councils could trigger a local government reorganisation review for the whole Warwickshire area	An invitation from Government would have to be responded to within a given timescale.	3	3	9	<p>Previous scoping work has been undertaken in consultation with other district and borough councils that began to explore local government reorganisation options.</p> <p>Maintain dialogue with the DLUHC on position.</p>	To note, this is not the primary intention of the proposed merger of the two district councils.

<b>PR005</b>	Programme Board	Establishment of a larger local authority could lead to a 'democratic deficit' as a result of the reduction in the overall number of elected members.	Residents feeling further removed from their representatives	2	3	6	Maintain established links with Town and Parish Councils.	Establish arrangements to help elected members encourage community participation in decision making.  Exploit the opportunities that modern technology offers to increase engagement between residents and elected members.
<b>PR006</b>	Programme Board	A bigger council may result in diseconomies of scale	If unchecked, could risk long term sustainability of local government.	2	4	8	Alignment of organisational policy, processes and contracts has begun.  Any changes to services are carefully assessed and the right scale for all services should be found.	Services do not have to be delivered at the super-district level if they are better delivered more locally. Economies of scale should only be made when suitable.
<b>PR007</b>	Programme Board	Lack of programme management and transformation capacity and capability to deliver the merger and transformation around the same time.	Failure to effectively manage interdependencies between transformation activities may lead to increased cost of delivery and / or implementation delays.	3	3	9	Transformational funding will be required to fund additional Council Staff posts to manage the change. This has been initially agreed at £200k annually for a 3 year period and will be monitored by the programme board.  Programme Management Office (PMO) established to track and monitor delivery of the programme, realisation of benefits (with measurable targets), risk management, member engagement, governance and reporting.	Take a phased approach where the merger is implemented first along with robust change management processes before wider large scale transformation takes place will help ensure there is sufficient change management capacity.  Additional funding for ICT, redundancy and external advice will be required to enhance the full potential outcomes and benefits to be realised in time.  Where appropriate buy in the skills and capacity needed.  Ensure timescales are realistic based on the resources available.  Assessment of support required by services for their alignment.

<b>PR008</b>	Programme Board	Newly formed teams and organisational cultures are not fully integrated	Could lead to staff issues such as reduced morale and increased staff turnover.	3	4	12	<p>A clear rationale and set of principles for service integration are developed to integrate teams and enable further optimisation to take place afterwards.</p> <p>A communications strategy and plan should be produced explaining the transition process and the operating principles of the new authority.</p>	<p>Design and delivery of the 'One Team' Workstream will seek to implement culture change activities and initiatives.</p> <p>Identify opportunities to create capacity through new staffing models.</p> <p>Maximise the opportunities afforded by workforce agility, technology and partnership working with other public sector agencies.</p> <p>Senior leadership should model the new behaviours and actively manage culture change during the transition.</p> <p>Embed new ways of working into performance management and reward systems.</p> <p>Identify staff change champions.</p>
<b>PR009</b>	Programme Board	Anticipated savings are not achieved and/or transition costs exceed estimates.	This may impact on the financial resilience of the new council.	3	4	12	<p>Establishment of a programme management office.</p> <p>Undertake regular reviews of the savings profiles and calculations during implementation to ensure they remain realistic and achievable.</p>	<p>Develop thorough and realistic cost and savings plans. Use scenarios to stress test best and worst case outcomes.</p>
<b>PR010</b>	Programme Board	Failure to effectively manage interdependencies between transformation activities may lead to increased cost of delivery and / or implementation delays.	May lead to increased cost of delivery and / or implementation delays.	3	4	12	<p>Establishment of a programme management office</p> <p>Development of a detailed implementation plan.</p> <p>Implement a robust change management process.</p>	<p>Receive regular reports from workstream leads</p>

<b>PR011</b>	Programme Board	Integration of ICT systems across the two councils	The complexity of IT integration may undermine and put at risk the potential benefits of common working practices gained from IT integration.	4	4	16	The future IT architecture will need to be defined and the current position baseline understood.  A clear plan for migrating IT systems during the migration implemented within the ICT and Digital Workstream	Being realistic about the pace of ICT integration - it will take several years and a lot of investment.  Needs to correlate with the digital strategy and customer access strategy, when developed.  Plan and estimated cost (including support) of ICT intergation programme required.
<b>PR012</b>	Programme Board	Preparing for the transition may draw resource away from delivering other council strategies and plans.	Reduction in performance and service delivery levels.  Increase the risk of service disruption and reduce resilience of the existing and new council.	3	4	12	Development of a robust implementation programme plan, including more detailed plans of contributory workstreams and change activities.  Manage the resources required to contribute towards the development and implementation of the programme of change	Test resilience to ensure crisis systems, risk capacity and risk management systems are in place.  Establish a clear split between those working on the merger and those running the operational business and bring in additional resources where there are capacity and skills gaps.
<b>PR013</b>	Programme Board	The Grading Review as part of this process may result in potential extra costs due to some posts being uplifted and others being protected.	Could compromise the delivery of anticipated savings	3	3	9	Review potential savings on a continual basis through the implementation phase, especially during service integrations.  Implement agreed Joint HR Policies	Implement a single job evaluation scheme by the time of the proposed merger.  Further alignment of Terms and Conditions  Cost of job evaluation process, outcomes and salary protection to be estimated.
<b>PR014</b>	Programme Board	Implementation of a major change may be seen as a capacity risk at a time when there will also be a major focus on COVID-19 recovery activities.	Reduction in performance and service delivery levels	3	4	12	Joint management team to monitor matters arising within their service areas and to escalate to the Programme Board accordingly.	Set out clear timescales and resource implications for implementation, and ensure these can be met under the current ways of working and COVID-19 pressures (including any backlog of work due to the pandemic).  Review capacity against the timescales and resource requirements, and identify gaps where recruitment / external support is required.

<b>PR015</b>	Programme Board	The process of agreeing a new service design could lead to a service that is not ideal for either predecessor.	Reduced levels of service delivery for the existing councils now and threaten the effectiveness in a new Council.	3	4	12	Ensure the implementation plan allows enough time for services to be co-designed and agreed upon.  Establish a clear rationale and principles for service integration and optimisation.	Any changes to services should be carefully assessed and the right scale for all services should be found.  Services do not have to be delivered at the super-district level if they are better delivered more locally.
<b>PR016</b>	Programme Board	Significant changes in operational and political leadership	Could impact negatively on the appetite for shared services and joint working.	2	4	8	Robust terms of reference for the governance structures established for the programme  A communications strategy and plan developed to explain and relay the transition process and principles of the change programme.	Senior leadership should model the new behaviours and actively manage culture change during the transition.  Identify staff and member change champions across both Councils through One Team Workstream.
<b>PR017</b>	Programme Board	Lack of customer/stakeholder focus	Increase in complaints from customers.  Loss of faith and support in current and proposed organisation of local government	2	4	8	Communications and engagement plan to include activities for key stakeholders including residents	Further engagement to take place at different stages in the run up to becoming a single Council
<b>PR018</b>	Programme Board	Underestimate of start-up and delivery costs	Increased budget spend could hamper any expected savings	3	3	9	Financials to be regularly reviewed through the programme lifecycle including spend and savings	Additional funding for ICT, redundancy and external advice will be required to enhance the full potential outcomes and benefits to be realised in time.  Estimated costs being re-assessed for consideration by Board.
<b>PR019</b>	Programme Board	Loss of service performance and council reputation	Increase in complaints from customers.  Loss of faith and support in current and proposed organisation of local government	3	4	12	Joint Management Team oversee KPIs for their service areas and to escalate	Programme schedule to be reviewed regularly to reduce impact on business as usual service delivery
<b>PR020</b>	Programme Board	Not standardising policies and procedures, especially at organisational level	Left unchecked, this could lead to issues of imbalance and increase potential for mismanagement and underperformance	2	4	8	Organisational policy alignment and harmonisation to be led through the Organisational Development Workstream  Acknowledgment that this will take a considerable amount of time and effort.	Once integrated, service areas to further explore these through service delivery / action plans  The corporate strategy workstream would seek to address this wider in the transitional run up to becoming one Council

<b>PR021</b>	Programme Board	Getting accurate comparable data on unit costs	Savings profile for both Councils could appear imbalanced	4	3	12	Acknowledgement of the current MTFPs of both councils and the associated savings.	Consolidating and creating a single MTFP
<b>PR022</b>	Programme Board	Political balance and constitution of each Council could present challenges for key decisions and milestones.	Protracted decisions could lead to delays in programme and operational delivery	3	4	12	The Joint Arrangements Steering Group, with agreed representation and the group leaders from both Councils is used as an initial discussion forum ahead of consideration at decision making committees.	The possibility of establishing further joint committees such as Cabinet and Overview and Scrutiny to be considered at an appropriate stage
<b>PR023</b>	Programme Board	Loss or absence of key officers during key activities of work in the programme such as Service Integrations	Implementation of service integrations could be hampered or delayed , impacting on the schedule.	3	4	12	Programme board to decide and implement interim measures to address these promptly.  Key officers to be kept informed of programme's progress.	As a contingency, other service integrations may be brought forward.
<b>PR024</b>	Programme Board	Large proportion of officers leave during the transformation process and before efficiencies are realised.	The retained workforce could be insufficient to deliver services and implement further transformation	2	3	6	Joint organisational change policy, recruitment and redeployment procedures agreed and in place from April 2021.  Ensure service integration is staggered so that there is sufficient staff to establish new processes and support the new organisation to manage the loss of any knowledge and experience.  Implement a robust change management process with service areas as they integrate and then look to optimise over time..	Once new processes are established, consider further efficiencies and enhancement opportunities.

Finance & Audit Scrutiny Committee  
9 March 2022

Title: Work Programme, Forward Plan & Comments from Cabinet

Lead Officer: Graham Leach

(T. 01926 456114 or E. [committee@warwickdc.gov.uk](mailto:committee@warwickdc.gov.uk))

Portfolio Holder: Not applicable

Public report

Wards of the District directly affected: Not applicable

Accessibility checked: Yes

---

## Summary

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

## Recommendations

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

## 1 Background/Information

- 1.1 The five main roles of overview and scrutiny in local government are: holding to account; performance management; policy review; policy development; and external scrutiny.
- 1.2 The pre-decision scrutiny of Cabinet decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Cabinet decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 1.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve-month period to give a clearer picture of how and when the Council will be making important decisions. A key decision is a decision which has a

significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.

- 1.4 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions. There may also be policies identified on the Forward Plan, either as key or non-key decisions, which the Committee could pre-scrutinise and have an impact upon how these are formulated.
- 1.5 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan.
- 1.6 At each meeting, the Committee will consider their work programme and make amendments where necessary, and also make comments on specific Cabinet items, where notice has been given by 9am on the day of the Finance & Audit Scrutiny Committee meeting. The Committee will also receive a report detailing the response from the Cabinet, on the comments the Committee made on the Cabinet agenda in the previous cycle.
- 1.7 The Forward Plan is considered at each meeting and allows the Committee to look at future items and become involved in those Cabinet decisions to be taken, if members so wish.
- 1.8 At each meeting, the Committee will consider their work programme and make amendments where necessary, and also make comments on specific Cabinet items, where notice has been given by 9am on morning after Group meetings. The Committee will also receive a report detailing the response from the Cabinet, on the comments the Committee made on the Cabinet agenda in the previous cycle.
- 1.9 If the Committee made a comment on a Cabinet report, a response will be provided to the Committee at its next meeting (Appendix 2). In reviewing these responses, the Committee can identify any issues for which it would like a progress report. A future report, for example, on how the decision has been implemented, would then be submitted to the Committee at an agreed date which would then be incorporated within the Work Programme.
- 1.10 In July 2020, a report went to Executive on "Governance Review of Warwick District Council" – Minute 22. In the list of resolutions made, one was:  
(1) an independent assessment of these arrangements is undertaken in February 2022 and officers are asked to bring back an outline proposal for this, in consultation with the Chairs of Scrutiny, in December 2021 along with proposed funding arrangements, be approved.
- 1.11 Following the decision in July 2020 the Council has embarked on proposals for a potential merger with Stratford-on-Avon District Council. The decision of this Council to make a formal application (or not) to the Secretary of State will, one way or another, impact on the democratic structure of this Council. Therefore, after consultation with the Chairs of both Scrutiny Committees, they were in agreement the review should be deferred for now to enable proper consideration of the Council's needs.

## **2 Conclusion/Reasons for the Recommendation**

- 2.1 The work programme as attached at Appendix 1 to the report should be updated at each meeting to accurately reflect the workload of the Committee.

## Agenda Item 9

- 2.2 Two of the five main roles of overview and scrutiny in local government are to undertake pre-decision scrutiny of Cabinet decisions and to feed into policy development.
- 2.3 If the Committee has an interest in a future decision to be made by the Cabinet, or policy to be implemented, it is within the Committee's remit to feed into the process.
- 2.4 The Forward Plan is actually the future work programme for the Cabinet. If a non-cabinet Member highlighted a decision(s) which is to be taken by the Cabinet which they would like to be involved in, that Member(s) could then provide useful background to the Committee when the report is submitted to the Cabinet and they are passing comment on it.

## Finance and Audit Scrutiny Committee **WORK PROGRAMME**

**13 April 2022**

Title	Audit Item or Scrutiny Item	Format	Lead Officer/ Councillor
Significant Business Risk Register Review	Scrutiny	See Cabinet Agenda	Richard Barr and Councillor Hales
Value for Money Conclusion	Audit	Written report followed by Q&A	Mike Snow / Grant Patterson and Councillor Hales

**Response from the meeting of the Cabinet on the  
F&A Committee's Comments**

**4 Review of Warwick District Council Members' Allowances Scheme - 2021**

The Finance & Audit Scrutiny Committee raised a question from one of the political groups about the rationale for adopting the recommendations of the independent review regarding the increase in Special Responsibility Allowances in the current economic climate. It received clarification about the decisions that the Council could take on the review, noting that the last review had been held in 2017 and there had been changes in the roles and expectations of those Councillors who held positions of responsibility and leadership subsequently as the review noted. It had no further questions on the review of the Scheme.

Cabinet Response:

The recommendations in the report were approved.

**6 General Fund 2022/23 Budgets and Council Tax**

The Committee noted the questions that had been raised in writing by Councillors regarding the Budgets and decision on Council Tax prior to the meeting. Some members expressed concern about the continuing impact of a freeze on Council Tax on the medium-term financial position for the Council. The Committee examined the rationale for the assumptions on inflation, wage increases and other factors, the reserves position, the need for further savings, and noted the financial pressures and risks in the medium-term financial statements, notwithstanding that a balanced budget was being proposed for 2022/23. It also noted the CFO's statement at Appendix 1. Overall, the Committee was satisfied that appropriate statements had been made about the assumptions in the Budgets and MTFs, and in the statements of risk and projections that lay behind the proposals.

Cabinet Response:

The recommendations in the report were approved.

**7 Housing Revenue Account Rent Setting and Budget 2022/23**

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Cabinet Response:

The recommendations in the report were approved.