



OXFORD CITY COUNCIL

# INTERNAL AUDIT PROGRESS REPORT

OCTOBER 2019 - 20

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# PROGRESS AGAINST PLAN

## Internal Audit

This report is intended to inform the Audit and Governance Committee of progress made against the 2019/20 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in section 2 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

## Outstanding from 2018/19 audit plan

The following 2018/19 audit reports have now been issued in Final and the executive summaries included in this report:

- Investment Properties

## Overview of 2019/20 work to date

All Terms of Reference have been completed for the year except for Enforcement Restructure which is scheduled for January 2020.

The following 2019/20 audit reports have now been issued in Final and the executive summaries included in this report:

- Collection Fund
- Health and Safety
- IT General Controls
- Elections

## We are also presenting separately to this Committee:

- Follow up of recommendations report.

# INTERNAL AUDIT OPERATIONAL PLAN 19/20

Audit Area	Audit Days	Executive Lead	Planning	Fieldwork	Reporting	Opinion	
						Design	Effectiveness
Audit 1: Accounts Payable and Procurement	18	Nigel Kennedy	✓	✓	✓	Moderate	Moderate
Audit 2: ICT General Control	12	Nigel Kennedy	✓	✓	✓	Substantial	Moderate
Audit 3: Collection Fund	12	Nigel Kennedy	✓			Substantial	Substantial
Audit 4: Treasury Management High Level	8	Nigel Kennedy	✓	✓	✓	Substantial (Draft)	Substantial (Draft)
Audit 4: Health and Safety and Fire Safety	13	Helen Bishop	✓	✓	✓	Substantial	Moderate
Audit 5: Contract Management	15	Nigel Kennedy	✓	✓	✓	Moderate	Moderate
Audit 6: High Level Business Continuity, Disaster Recovery and Emergency Planning Review	12	Helen Bishop	✓	✓			
Audit 7: Corporate Performance	13	Helen Bishop	✓	✓	✓		
Audit 8: Enforcement Restructure	12	Nigel Kennedy	✓				
Audit 9: Events Management	12	Ian Brooke	✓	✓			
Audit 10: Graffiti and Street Appearance	10	Ian Brooke	✓				
Audit 11: Housing Rents System	12	Stephen Clarke	✓				
Audit 12: Environment	15	Nigel Kennedy	✓				
Audit 13: Fusion follow-up	4	Ian Brooke	✓	✓			
Audit 14: Election Accounts	12	Anita Bradley	✓	✓	✓	Substantial	Moderate

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# EXECUTIVE SUMMARY - COLLECTION FUND

## EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
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Effectiveness	Substantial	The controls that are in place are being consistently applied.
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## SUMMARY OF RECOMMENDATIONS

High	0
Medium	0
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 1

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## CRR REFERENCE

Effective, Efficient Council

## BACKGROUND

Oxford City Council (the Council) is responsible for the collection of income, primarily through council tax and business rates. Money collected from council tax and business rates is paid into the collection fund and is used to run services. Actual council tax collected may result in an under/over budget. Therefore, a surplus or a deficit on the collection fund balance is reported at the end of the year. In 2018/19 the overall NNDR and council tax collectable amount was: £106,685,003 and £86,722,799 respectively. The Council collected 98.14% of NNDR and 97.72% of council tax. This ranks them as 171st of 276 collecting authorities in England.

Collection fund rates are generally managed by central government, applying business rates multipliers depending on the rateable value of the property as set by the Valuation Office Agency (following the 2017 revaluation).

Mandatory discounts for both council tax and business rates are set by central government and apply equally to all collecting authorities across England, i.e. dwellings solely populated by students are exempt from council tax and registered charities using a premises wholly for charitable purposes receive 80% charitable relief. However, the Council has the ability to assess whether elements of discretionary relief is applicable to ratepayers. As stated in the Council's Debt Management Policy, in normal circumstances the Council's approach is not to offer 'top-up' (discretionary relief) on top of mandatory discounts.

The Council uses the Capita system to support their Revenues service. This system is widely used across local authorities. Capita manages billing, charging and collecting, there are parameters built within Capita systems to support the accuracy of charging.

Monthly KPIs are set across the Revenues service focusing on a rolling collection rate against local and national targets. Additionally, KPIs are reported on staff performance on recovery of debt, i.e. number of outbound calls made by each officer to assess the proactive approach in recovering debts. These were reviewed by management at various layers ranging from Revenues Manager, Revenues & Benefits Managers, Head of Financial Service, with high level review of collection rates and amounts by Cabinet.

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## GOOD PRACTICE

We identified the following areas of good practice:

- Policies were in place to support the effective management of revenues, including robust policies on discounts and exemptions for council tax and business rates. These were up to date and easy to locate on the Council's website. Additionally, the Debt Management Policy was clear with adequate identification of payment dates, payment types, debt recovery approach and safeguarding approach
- Of the 15 council tax cases reviewed, it was noted that the liability was valued and billed accurately, with adequate recovery of the liability. In one case, where a payment had not been made the liable individual was issued with the appropriate reminder letter as stated in the Debt Management Policy. It was also noted from Management information that the recovery process was successful and that collection rates had improved over time
- All business rates sampled were valued and billed accurately with adequate supporting evidence where discounts/exemptions had been applied
- There were effective recovery processes in place and the Council adopted a proactive approach of pre-summons contact with debtors. An increase of outbound calls made to debtors facilitated improved recovery of debts in the past year
- Reconciliations between Agresso, Paris and Capita were completed on a daily basis, assessing the revenue generated from the collection of council tax and business rates applied to the relevant account code. The reconciliation was reviewed by the Senior Financial Accountant with no variance identified. An additional monthly reconciliation between Agresso and Capita was completed for revenue by each payment type. These were completed in a timely manner and any variances were explained with appropriate evidence on the reconciliation report
- A number of management layers were in place to provide oversight of collection fund activity. The KPI reports and recovery performance reports were produced on a monthly basis with information on collection rates, arrears, recovery action taken and write offs. This level of information was adequate to facilitate oversight, monitoring and action on collection fund activity.

## KEY FINDINGS

Finding	Summary of Recommendations	Owner	Due date
<p>Finding 1 (Low) - There was insufficient communication with the Legal Team over recovery of council tax and business rate debts. Currently, the recovery team will request support from legal when required, therefore, the team are unable to provide their expertise unless requested.</p>	<p>a) Legal should be consulted where a case is considered high level, due to the amount involved or due to other means of recovery being exhausted, and decide on an appropriate approach to recover the debt. In circumstances where both teams decide legal support is not required, a comment should be added to the Capita account to confirm the discussion took place and the officers to decide this should be noted</p> <p>b) The Recovery Team and the Legal Team should meet on a quarterly basis to discuss cases where the Legal Team can contribute to facilitate better recovery.</p>	Philip McGaskill, Revenues Manager	1 <sup>st</sup> November 2019

## CONCLUSION

Although there was insufficient liaison with the Law and Governance over debt recovery this made up less than 1% of the Council Tax and NNDR overall balance. Furthermore, the Council's recovery processes were robust and collection policies were clear and accessible. Business rate payers and council tax payers were billed accurately with the correct valuation, as calculated by the Valuations Office Agency. Collection fund activity, including collection rates and staff performance, was reported in detail through appropriate channels to ensure adequate management oversight.

This leads us to conclude that both the control design and the control effectiveness was Substantial.



# EXECUTIVE SUMMARY - HEALTH AND SAFETY

## EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	2
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 2

## BACKGROUND:

Employers have a legal duty to ensure – as far as is reasonably practicable – the health, safety and welfare of their employees. Oxford City Council (the Council), are obliged to comply with the Health and Safety at Work Act 1974 to ensure standards are upheld to protect employees and others on their premises. The Regulatory Reform (Fire Safety) Order 2006 is the main statutory legislation identifying employer's responsibilities for ensuring staff are safe from the risk of injury from a fire. This includes statutory duties to provide fire safety training to staff and conduct a Fire Risk Assessment to ensure legal standards are met.

In order to comply with these requirements, the Council have a Health & Safety (H&S) Policy and Fire Safety Code of Practice. The Council have numerous internal procedures to support these, which include:

- A corporate induction for all new starters, alongside local role/department specific training
- Regular risk assessments (including fire risk assessments by external contractors) are carried out by managers, which detail how the various hazards are controlled
- Incidents and near-misses are reported using an online portal, and followed up in a timely manner to ensure any future risk is mitigated
- The People and Property H&S sub-committees meet monthly to discuss matters such as performance against KPIs and incident statistics, which is then escalated to the Corporate H&S committee on a quarterly basis.

Key statistics to support this procedure include (figures are for Quarter 1):

- The number of injuries has fallen from 18 in FY 18/19, to 9 in FY 19/20 substantially decreasing by 50%
- The number of near misses reported has fallen from 35 in FY 18/19, to 19 in FY 19/20 a decrease of 45%.

The Council have recently reviewed the H&S Policy in March 2019. This provided the opportunity to relaunch H&S across the Council, with a stronger focus on responsibilities at all levels, especially management. This will help the Council continue on the journey of further embedding H&S into their culture.

This review considered whether the H&S procedures in place are effective, and in particular if there is compliance across the Council. To test this, we conducted interviews with three Heads

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of Service, and then sought documentary evidence via risk assessments and action plans to assess if risks are appropriately identified and mitigated. Furthermore, we tested the level and frequency of training provided, and how attendance is monitored. Finally, we conducted sample testing of 10 serious incidents/incidents and near-misses, from April 2018 to June 2019, to assess if they are recorded with sufficient detail, investigated and appropriate action was taken.

#### GOOD PRACTICE:

During the audit we noted the following areas of good practice:

- Both the H&S Policy and Fire Safety Code of Practice are up-to-date and have been appropriately approved in March 2019 by the Chief Executive and Leader of the Council
- The Policy outlines the procedures to undertake in identifying risks across the Council and the resulting documentation that should be produced and disseminated to staff
- The Policy also includes the clear organisation of H&S responsibilities and governance structure: the Chief Executive is the overarching lead; the Corporate Management Team has overall responsibility, with the dedicated People and Property H&S sub-committees feeding upwards
- General and service area specific risk assessments are completed on 'AssessNet', which sends the responsible officer an automatic reminder of the annual review. Substantial gains have been made in reducing the number of out-of-date assessments, with only 12 overdue at the time of testing
- Incidents and near-misses are also reported on 'AssessNet', with suitable follow-up actions taken. Testing undertaken showed that there were numerous near-misses reported due to rough sleepers. To tackle this, the Council offered training to the Town Hall keepers
- The Council offer regular training sessions and e-learning modules, which employees can book onto via iTrent (the Council's HR system)
- Compliance with the Fire Safety Code of Practice by contractors is monitored through monthly meetings, where KPIs are reported against their target performance
- There are weekly fire checks undertaken at St Aldates Chambers which are appropriately documented in a log book. At the time of audit testing, this was up-to-date with all checks signed-off by the Facilities Support Manager
- Property Services maintain a risk register that documents progress against actions to place the Council at a position of best practice, not just statutory requirement. There are currently only four out of 61 actions that are overdue, with current progress against all four being above 70%.

## KEY FINDINGS:

We made the following findings:

Finding	Summary of Recommendations	Owner	Due date
(Finding 1 - Medium) Due to a lack of monitoring, not all employees are completing their corporate inductions within the first quarter of them joining the Council. As a result they are not receiving their initial Health & Safety training	The Council should regularly monitor and track when new starters have completed their corporate induction, ensuring that training has been completed within a certain time period after starting, for example two months. In situations of cancellations, there should be an appropriate escalation to managers to ensure compliance.	Chris Harvey, Corporate Lead on Health & Safety Tim Vine, Corporate Health & Safety Advisor	1 <sup>st</sup> November 2019
Finding 2 - Medium) There is currently a delay in the fire risk assessments that are being carried out on all Council owned buildings. The last round of assessments were completed in 2017-18 with 171 properties out of 690 without an assessment (25%). Of these, <ul style="list-style-type: none"> <li>• 146 are for low rise blocks rated as a low risk area</li> <li>• 7 are for the Pavilion at a medium risk</li> <li>• 3 carparks rated as a low risk area</li> <li>• 15 public Convenience rated as a low risk area.</li> </ul>	The Council should review their fire risk assessments within a three year cycle. However, where the property type carries a higher risk, the risk assessment should be completed annually.  The assessment should be reviewed often enough for it to be up-to-date with any changes to the risks to the premises.	Claire Bateman and Jonathan Stone	1 <sup>st</sup> November 2019

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## ADDED VALUE

### **Benchmarking-**

Oxford Direct Services (ODS) was established in April 2018 and report into the Council on matters including H&S.

ODS recently used the Health and Safety Executive (HSE) climate safety tool, a 40 question survey, that explores staff attitudes and perceptions to the Company's internal H&S. The Council could look to use the same or a similar device to gather such data. This could help inform future actions plans and further improve the H&S culture.

## CONCLUSION:

Overall, the Council has H&S procedures in place that are designed effectively to reduce the risk of injuries and fatalities. These have been approved appropriately, with timely monitoring by the various H&S committees to ensure high levels of compliance. There is also a clear reporting process in place for incidents and near-misses.

Of the training provided to staff we tested, all sessions were run regularly with refresher courses available on an annual basis for first-aid and safeguarding. However, when analysing the completion of the corporate induction by new starters, there were several instances of cancellations. For example, there was one case of an employee cancelling their induction multiple times, resulting in four years of employment at the Council without an induction. Whilst attendance is documented, cancellations are not monitored effectively.

Fire risk assessments are carried out on a three-year cycle. The delay in fire risk assessments on 25% (171/690) of 'low risk area' Council owned buildings, presents a potential risk to the Council and the effectiveness of the three-year cycle assessment.

Therefore, our overall rating is a Substantial opinion on the design of the system and a Moderate opinion on the effectiveness of the system.

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# EXECUTIVE SUMMARY - ICT GENERAL CONTROLS

## EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	1
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 2

## BACKGROUND:

The Council have a central IT Team led by a Chief Technology and Information Officer who are responsible for all the general IT controls in the Council. IT systems are critical to the Council's daily operations. There are various interfaces used by the Council, including Agresso, Paris, Key2 which hold sensitive information that should be restricted for viewing by relevant officers.

IT policies are in place to advise staff on passwords, data protection and general IT security. The ICT Plan includes regular upgrades to interfaces to ensure that they are useable for staff and provide the required systems for efficient work.

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## GOOD PRACTICE:

We identified the following areas of good practice from our fieldwork:

- The V-fire case management system logs each user with a unique user ID and access profile. The access profile indicates to the service desk administrators what access each user has to each system and can help to identify where access is not suitable to the job role.
- Leavers' access is revoked through a standardised leaver form which is completed by the departing employee's line manager. The IT team obtain approval from the respective line manager for the effective end-date, and then input this into the system which automatically closes the user account by the set date.
- We confirmed that the request forms and approval methods used to ensure access for individuals is granted to the correct application group on the active directory (AD) is effective in mitigating risk of an employee obtaining unauthorised access.
- We conducted sample testing for movers using logs on the V-fire case management system and confirmed that users were assessed by the admin team before being granted access. We also evidenced cases of setup being rejected due to a lack of approval from line managers.
- Password protection policy is in place, but forms part of the acceptable use policy currently being implemented by the Council. This is reviewed on an annual basis and is approved by the Policy Board before being uploaded onto the Council's intranet.
- Based on our observations of the Operations Manual we can confirm that the policy is reviewed on a regular basis with version numbers tracked and adjustments made on each review date. The reviews take place once every three months and ensure the Council is consistently assessing their requirements against the requirements set out by the Council's third-party contract with SCC Ltd.
- Based on our observation of the Operations Manual, we can confirm that a backup schedule is in place and is in line with the contract requirements. While also covering daily backups, there is a robust process in place to store data on a weekly and monthly reoccurring basis as well.
- Based on our observation of the update checks being conducted, the Nessus scanner is used by the Council to confirm what version each server is running. This check is conducted on a reoccurring basis manually with an annual check being conducted for each client's servers managed by the Council. This is then recorded and tracked.
- Our sample testing confirmed that change requests were processed effectively. Requests were rejected when post-implementation reviews (PIR) had not been conducted, and approved and actioned when requirements had been met. We noticed that since the Change Approval Board (CAB) meeting takes place every Thursday some tickets were raised and approved within 24 hours which demonstrates that the approval workflow operates timely and effectively.

**KEY FINDINGS:**

Finding	Summary of Recommendations	Owner	Due date
(Finding 1 - Medium) Although an information asset register is in place alongside a data retention policy, there are no methods in place to track, identify and ensure that all employees are aware of the retention guidelines in place for different types of data. (Finding 1 - Medium)	We recommend that the Council introduce a tracker alongside the mandatory data retention training to highlight which individuals in each separate department of the Council are not passing these mandatory training tests. This will highlight where a lack of understanding is identified within each department for each manager to chase up and ensure all employees understand how to manage storing and deleting data relevant to the data they manage in line with the information asset register generated by Corporate Governance.	Rocco Labellarte, Chief Technology and Information's Officer	March 2020
(Finding 2 - Low)- The Access Policy based on normal protocol is to be reviewed every 6 months, however the last version to be issued was in December 2018 leading to this Policy becoming outdated by two months.	We recommend that the Council implement a more structured process of tracking, reviewing and updating policies to prevent or mitigate the delay to planned release dates as this will impact employees who won't be compliant with any changes made between different versions of the policy especially if new joiners, leavers or movers require to be compliant with any new legislation that has yet to be reflected.	Rocco Labellarte, Chief Technology and Information's Officer	March 2020

**CONCLUSION:**

We concluded that the IT general controls framework in place is robust and demonstrates substantial effectiveness based on design. However based on operational effectiveness there are areas of improvement in regards to the risks identified in this review that should be addressed by the Council for optimum effectiveness of IT General Controls moving forward.

# EXECUTIVE SUMMARY - INVESTMENT PROPERTIES

## EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

## SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	1
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 2

## BACKGROUND:

The Council have a 2016-2020 Asset Management Plan in place - the previous plan achieved 100% delivery against key objectives i.e. income growth, rationalisation and regeneration. This success demonstrates the benefits of an active Asset Management Strategy, flowing from the Council's leadership and vision, aimed at delivering a 'World Class City for everyone'. The Council generated £11.9m income in 2016/17 from an asset value of £317m. The Council also have some assets managed by Lothbury which form part of this review.

It is a challenging environment with on-going budgetary pressures across the public sector together with major changes and developments in the City Centre with the Westgate Shopping Centre and the delivery of Barton, Rosehill and Blackbird Leys regeneration.

There is increased pressure to ensure that these properties are maximising value for money and generating the best position for the Council to support Medium Term Financial Plans.

There is currently an independent review being done and reported on asset management due to the local geographical issues being faced and that the asset base is retail heavy and therefore greater diversification may be needed.



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## GOOD PRACTICE:

- Extensive consultation is made during the development and delivering of the objectives in the Asset Management Plan including Senior Council Members, Heads of Services and executives. Such consultation has been documented through meeting minutes and email correspondence and retained for easy access. The discussions across teams also cover a review of market, economic and budgetary impacts to ensure the Asset Management Plan gives a comprehensive understanding of circumstances faced by the council
- The Asset Management Plan is subject to an annual review where each objective in the Asset Management Plan is measured by a performance indicator through which a revised action plan is produced. The action plans are also embedded into staff's daily work routine as evidenced by team meeting minutes during which the action plan is discussed and monitored
- Rents charged to commercial properties are subject to appropriate valuation. Valuation is done either internally by the team or externally by professional agents. The valuation is subsequently approved appropriately to keep the rent under control
- The Regeneration Major Projects team meet regularly on a monthly basis to discuss potential new opportunities within the council's existing portfolio of investment properties. Although the council is not currently looking for external opportunities due to limitations on funding etc., the RMP is striving to make the best value out of the existing portfolio by pro-actively considering new development
- The team have a well-established procedure for the procurement of external rent valuation agents. The agents are required to submit tenders and the decision is made based on their expertise while also taking into account prices in order to secure the best service with the best price
- The council adhere to an ISO procedure when it comes to dealing with investment properties and such procedures are subject to regular reviews to be kept up to date
- The council take on prospective tenants provided that the financial and covenant stability checks return reasonable results. This is especially critical to mitigate the risk of bad debt. A deposit is also payable at discretion to help mitigate the risks
- A property voids listing is kept by the RMP team and is closely monitored by team members. This helps ensure that the council is fully aware of foreseeable lease voids so that the loss due to voids can be minimised.

## KEY FINDINGS:

- Overdue debtors are not escalated to the properties team in a timely fashion due to the staffing issue faced by the debtor team recently. Following the change in team members in the debtor team, the post responsible for debtor collection was vacant for a significant period of time leading to inefficient escalation of overdue debts. The properties team were therefore not made aware of the arrears outstanding and could not take prompt action
- While the voids listing is closely monitored by the team and the results of the review of the voids listing is also discussed during the RMP team meetings, the review itself is not documented.

Finding	Summary of Recommendations	Owner	Due date
Finding 1 (Medium) - Overdue debtors are not escalated to the properties team in a timely fashion due to the staffing issue faced by the debtor team recently. Following the change in team members in the debtor team, the post responsible for debtor collection was vacant for a significant period of time leading to inefficient escalation of overdue debts. The properties team were therefore not made aware of the arrears outstanding and could not take prompt action	We recommend that the communication between the property team and the debtor team should be enhanced to allow the property team to take action against property debtors. In addition, the debtor team should embed a policy to cover any vacant post to mitigate the impact of staffing issues to an acceptable level.	Jane Winfield, Regeneration and Major Projects Service Manager and Neil Markham, Incomes Team Leader	Dec 2019
Finding 2 (Low) - While the voids listing is closely monitored by the team and the results of the review of the voids listing is also discussed during the RMP team meetings, the review itself is not documented.	We recommend that the review of the voids listing should be documented in terms of the lease expiries identified so that actions can be followed up against each expiry. Also by dating the review, the team can be assured that necessary actions have been taken regarding voids in a timely fashion.	Jane Winfield, Regeneration and Major Projects Service Manager	Dec 2019

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## CONCLUSION:

From our review of the council's arrangements around investment properties, we can confirm that the council is endeavouring to make the best value out of the existing properties portfolio with good control practices embedded into the daily operation. The design of these controls are considered sound and robust. However, there have been some issues with the application of controls. We have raised one low risk finding and one medium risk finding regarding the debtor collection process and the documentation of the review of voids listing.

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# EXECUTIVE SUMMARY - ELECTIONS

## EXECUTIVE SUMMARY

### LEVEL OF ASSURANCE

Design	Substantial	There is a sound system of internal control designed to achieve system objectives
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

### SUMMARY OF RECOMMENDATIONS

High	0
Medium	2
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 3

### RR REFERENCE

Efficient, Effective Council

### BACKGROUND

A critical role of the Council is to register eligible residents of the area to vote in elections and to then run and manage these elections. The Council run their own elections of Members and also those instructed on behalf of others i.e. the County Council or Government (General Elections or Referendums).

The Council have 24 wards each represented by 2 Members. Every 4 years a Member is subject to re-election and the Council elect Members by halves; therefore 24 Members are up for election in one year and two years later the other 24 Members are up for election. Due to Ward Boundary changes in 2020 all Council Members will be up for election whether they are at the end of their 4 years or only 2 years in.

The role of the Electoral Services Team is broadly split into two areas:

- Issue an annual Household Electoral Form (HEF) to each residential property. This is required to be completed by law which requires households to declare all registered residents to the property. This is then followed up with an Invite to Register (ITR) form which each resident in all households must complete to confirm their registration. The Council will then employ c.70 individuals to physically door knock those households who have not responded. This is all done with the aim of achieving as complete as possible Electoral Register which is issued on 1 December each year
- For upcoming elections the Council must identify potential polling stations to ensure reasonable access is given to voters. They must also then manage polling stations and employ staff to do this. This will also include collecting voting boxes and counting overall results and where applicable reporting the outcome of the results.

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## GOOD PRACTICE

- The following areas of good practice were noted during our review:
- A formal plan was devised for the 2018 canvass and this formed the basis of discussions for making arrangements with other key contact such as printers, staff and other suppliers. A post-review process, as suggested by EC guidance, was performed to inform future processes. The Head of Service (Law and Governance) attended follow-up meetings with the Team during and after the canvass process to track progress and discuss lesson learned.
- Last year, the Electoral Commission reviewed the Council's canvass arrangements and they were happy with the way this was undertaken.
- We examined a sample of 5 canvassing staff, all of whom had signed in acceptance of their job description and contract to undertake the work. We confirmed each officer had received the Handbook, Instructions and had signed their bank details form and returned it to Electoral Services for processing. Training was provided to staff performing canvassing duties. We forwarded to the Electoral Services Manager a 'Doorstep Script for Canvasses' from the Electoral Commission website which assisted canvassers with answers to FAQs posed by members of the public. We confirmed that payments due to these staff were correctly made.
- The Council used standard Household Enquiry and Invitation to Register Forms to collect data from the electorate. We sample tested these and found no errors.
- We checked the reimbursement claim for the 2017 County Council Election and all supporting worksheets for each aspect of the payment and no queries were raised.

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## KEY FINDINGS

During our review the following areas for improvement were identified:

Finding	Summary of Recommendations	Owner	Due date
<p>(Finding 1 -Medium) Payments made to Polling Stations as part of elections run by the Council's Electoral Services Team were not supported by a Purchase Order, which represents a breach of the Council's Finance Rules 18.16 (a).</p>	<p>A decision should be taken by the Council on whether to raise Purchase Orders in line with Finance Rule 18.16 (a) or include these payments as a further exception in the rules. Any changes to the Finance Rules should be subject to the appropriate approvals and this should be formally documented.</p>	<p>Martin John, Electoral Services Manager</p>	<p>31 March 2020</p>
<p>(Finding 2 - Medium) We confirmed that 5 staff who had been paid as Poll Clerks for the May 2017 County Council elections had not completed their mandatory online training according to records produced by the e-learning course providers. We confirmed with the Electoral Services Manager that these 5 staff had not completed the training and should not therefore have been paid</p>	<p>Prior to working on the elections and prior to payment, checks should be conducted to ensure that training has been completed by all staff working on elections. As Poll Clerks undertake their training remotely, in their own time before the elections, training records should be monitored more closely to ensure that staff have completed training before they are assigned to a Polling Station</p>	<p>Martin John, Electoral Services Manager</p>	<p>31 March 2020</p>
<p>(Finding 3 (a) &amp; (b) - Low) We found that all staff had signed letters to accept their appointment into the various roles in advance of the 2017 County Council elections with the exception of the Electoral Services Manager and 4 Verification Assistants working on the count had not signed their acceptances. Further to this, we also found that the majority but not all (the exceptions being count verification staff) of staff working on elections received either a job description, contract or acceptance of appointment letter which outlined the requirement for being politically neutral during their duties and would sign to agree to this declaration</p>	<p>Whenever possible, all staff working on elections should complete an acceptance of appointment form. This form should be signed and dated by each member of staff working on the election and be retained by the Electoral Services Team. This could be achieved by issuing emails (or letters) to staff, issuing reminders and possibly refusing payment unless this is completed. The acceptance of appointment letters for staff involved with the count should be amended to include a statement to declare political neutrality to ensure that the Council can demonstrate that it has briefed them before their duties commence. Forms</p>	<p>Martin John, Electoral Services Manager</p>	<p>31 March 2020</p>
	<p>should be signed and dated and retained by Electoral Services.</p>		

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## CONCLUSION

Overall the Council's control design for the administration of elections was considered to be substantial with strong levels of guidance provided via the Electoral Commission which were often tailored to suit the Council.

We raised recommendations relating to payments made to Polling Stations via Accounts Payable where Purchase Orders were not being raised thus not adhering to Finance Rules and also in relation to staff working on elections and not having completed mandatory training or completing the necessary paperwork to confirm acceptance of roles or to make the necessary declarations regarding political neutrality. This leads us to conclude that the control effectiveness was moderate.



# AUDIT SATISFACTION SURVEY RESULTS

In aim to provide exceptional client service, we sent out a satisfaction survey on completion of each audit review. We were scored from a rate of 1-5 (1= poor and 5= exceptional). Please see the satisfaction results gained so far. On average, we received an overall score of 4 or above (good/Excellent) on most of our survey responses. Where we received a response, less than 4 we will endeavour to improve this going forward.

Audit Review	TOR Aligned to strategic/departmental risks?	Timeline of events from reporting agreed and clearly explained?	Rate understanding of your business	Rate communication	Rate the closedown	Rate the audits contribution to delivering added value	Final report clear and concise	Agreement of stakeholder	Recommendations were constructive	Did our work add value?	Overall audit experience	Would you recommend BDO to others
Collection Fund	Agree	Agree	4	4	1	3	Agree	Agree	Disagree	Agree	4	Yes
Collection Fund	Strongly Agree	Strongly Agree	4	5	5	5	Strongly Agree	Strongly Agree	Strongly Agree	Strongly Agree	5	Yes
ICT General Controls	Agree	Strongly Agree	4	5	5	5	Strongly Agree	Strongly Agree	Strongly Agree	Strongly Agree	5	Yes
Average Score			4	4.7	3.7	4.3					4.7	

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# LOCAL GOVERNMENT SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

## FINANCE

### Councils should be reduced in size to make savings

Reducing the number of councillors in local government could make savings, a conference panel has said.

Local government must try to “end the conveyor belt of entitlement” that exists in the sector, councillors at a Conservative Party conference fringe event have said.

The event, held by the Taxpayers’ Alliance campaign group, discussed the need to reduce the size of councils to make savings.

Andrew Kennedy, a councillor from Tonbridge and Malling Borough Council said that downsizing “does produce savings but it also improves the quality of councillors”.

The sector has been “dredging the bottom of what is already a shallow pool of talent”, and must “scrape the barnacles off the boat”, he claimed.

He concluded that the sector must end “the conveyor belt of entitlement” in local government.

<https://www.publicfinance.co.uk/news/2019/10/councils-should-be-reduced-size-make-savings>

### District councils increasingly turning to commerciality

District councils are juggling a host of financial challenges as they face greater spending commitments at a time when funding is falling and when many of the challenges on the horizon are ‘unknowns’.

That was the message delivered at a panel discussion entitled ‘Financial management and commerciality in districts - what next?’ at Public Finance Live 2019.

Setting the context within which district councils are currently operating, Simone Hines, president of the Society of District Council Treasurers and director of finance and procurement and Nuneaton and Bedworth Borough Council, revealed that shire districts (except Dorset) had seen by far the biggest funding reductions in recent years.

She added that uncertainty around business rates retention, rising demand around homelessness due to welfare reform changes, new guidance expected around commercial property investment and uncertainty around the government and Brexit were all adding to the more difficult operating environment.

<https://www.publicfinance.co.uk/news/2019/07/district-councils-turning-commerciality-face-funding-challenges1>

### Ensuring the best debt collection journey

With local authorities facing budget constraints, debt collection has become a key issue. When you combine council tax arrears with adult social care debt and housing benefits overpayments, there is an estimated £5.2bn of debt remaining uncollected by local authorities.

Using data and modern analysis techniques can be a game-changer in pursuing a fairer and more effective solution. Having access to a range of consumer data helps build a more accurate picture of personal circumstances, and the level of vulnerability. Analysis can also identify stress points in the consumer’s regular finances and help avoid the demand for payment at particularly difficult times.

Providing a long-term solution to indebtedness that allows people a manageable pathway out of debt, and in particular supports vulnerable consumers, helps to avoid the exacerbation of the

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very problems local authorities are trying to resolve.

<https://www.localgov.co.uk/Ensuring-the-best-debt-collection-journey/48252>

## IT

### **UK local authorities were hit by an average of 800 cyber-attacks every hour in the first six months of 2019, a consultancy firm has found**

Freedom of Information data collected by the consultancy firm Gallagher showed that there were 263 million cyber-attacks over the six month period sometimes resulting in financial and data loss.

Analysis also found that 101 UK councils had experienced an attempted cyber-attack on their IT systems since 2017. In 17 cases a council had reported a loss of data or money, with one council losing more than £2m. FOIs were sent to 407 local authorities in the UK with 342 councils responding between August and September 2019. Given the number of councils who did not respond Gallagher said the true number of attacks could be higher. Tim Devine, managing director of public sector & education at the firm, said: “Councils are facing an unprecedented number of cyber-attacks on a daily basis.

“While the majority of these are fended off, it only takes one to get through to cause a significant financial deficit, a cost which the taxpayer will ultimately foot.

“Costs and reputational damage at this scale can be devastating for public authorities, many of which are already facing stretched budgets.”

The Public Accounts Committee warned earlier this year that UK is more vulnerable to cyber-attacks than ever before.

<https://www.publicfinance.co.uk/news/2019/10/councils-suffer-800-cyber-attacks-every-hour>

### **Councils awarded over £750,000 to improve services through digital technology**

Six projects by local authorities working together across the country have received £753,000 from the Ministry of Housing, Communities and Local Government’s Local Digital Fund. They include projects aimed at improving online housing repairs services, making websites for planning applications easier to use, and giving residents smoother methods of online payments. Example of the projects funded and the local authorities involved are:

- Stockport Metropolitan Borough Council (lead), Leeds City Council and Manchester City Council - £350,000  
Providing social workers with better information to cut the time and cost of child referrals. A project to provide social workers with better family context information from other local services for their child referrals. It will speed up children’s social workers’ decision making, improving the experience of families and saving money.
- Worcestershire County Council (lead), Redditch and Bromsgrove Council and Suffolk County Council - £73,000  
Providing registrations data to local authority housing services. A project to use death registration data to reconcile the availability of social housing, reduce the wait time for families on local housing lists and prevent lost council tax revenue.

<https://www.gov.uk/government/news/councils-awarded-over-750-000-to-improve-services-through-digital-technology>

## Environment

**Huntingdonshire District Council (HDC) has been ranked as one of the most climate-friendly councils across England and Wales.**

The new research, which was released by the international charity Friends of the Earth on October 3, focused on a number of different criteria.

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The majority of data used came from official government sources and looked at elements such as recycling rates, commuter journeys, and tree cover.

All councils across the country were given a score based on how well they compared to similar authorities, and that score was then converted by Friends of the Earth into a percentage.

HDC scored near the top, with 76 per cent, whilst Wiltshire topped the table as the most climate-friendly council with 92 per cent, and Pendle, Ribble Valley and Spelthorne all came last with 40 per cent.

The research showed that 56 per cent of household waste in Huntingdonshire was reused, recycled or composted.

The report also showed that 20 per cent of commuter journeys were made by public transport, cycling and walking.

Friends of the Earth said that Huntingdonshire should aim for 40 per cent of commuter journeys to be made by these methods by 2030.

<https://www.huntspost.co.uk/news/district-council-ranked-one-of-the-most-climate-friendly-councils-in-uk-1-6312644>

### **Councils should be doing more to cut carbon emissions and tackle climate change, according to a campaign group, as it released research on local authorities' green credentials.**

Wiltshire (pictured above) came out as the most climate-friendly council in England and Wales, Friends of the Earth analysis released yesterday showed, with a performance score of 92%.

The Isle of Wight, Northumberland, Somerset West and Taunton all came joint second with a score of 88%, in the research that rated each of the 375 councils in England and Wales on their efforts to tackle damage to the environment.

However, many other local authorities came out with low marks in categories including renewable energy, public transport, car sharing, energy efficiency at home, waste recycling, and tree cover.

Craig Bennett, Friends of the Earth chief executive, said: "All local authorities, even the best performing, need to ramp up what they are doing. We know we are facing a climate and ecological emergency that threatens our existence and the natural world. If we want to change things for the better, let's start at home.

"Doing things right now about climate change isn't just good news for future generations and people most vulnerable to an erratic climate, it's good for everyone. Creating cleaner and greener places to live means healthier, happier lives."

The campaigning group called for all local authorities to adopt an ambitious local climate action plan and declare climate emergency as a sign of political intent.

<https://www.publicfinance.co.uk/news/2019/10/local-authorities-need-be-more-environmentally-friendly>

### **Councils urged to apply for funding from £2m air quality pot**

The Air Quality Grant scheme has awarded more than £61m to a variety of projects aimed at reducing pollution and benefitting schools, businesses and residents.

Local authorities are being encouraged to bid for a portion of a £2m fund to help them install electric vehicle charging points, improve cycling infrastructure and develop local online air quality resources.

'Local authorities are in the best position to address the issues they face around their roads, and we are looking forward to receiving ideas for innovative schemes to reduce emissions and encourage cleaner, more active transport,' said the environment minister Rebecca Pow.

<https://www.localgov.co.uk/Councils-urged-to-apply-for-funding-from-2m-air-quality-pot/48275>

### **District councils to be billed for contaminated recycling**

District and borough councils in Hampshire have been told they must foot the bill for contaminated recycling.

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Hampshire County Council said it would start charging councils responsible for collecting refuse if the wrong items end up in recyclable waste. It says one in five lorry loads of recycling fails to meet standards. District councils say the move would have serious financial implications and the county needs to allow more items, such as plastic pots, to be recycled. The county, which is in charge of disposing and recycling household waste, said it would pass on the full cost of rejected loads to the authorities responsible for collecting it from April 2021. It said there would be no impact on residents as a result of the proposals.

<https://www.bbc.co.uk/news/uk-england-hampshire-49910686>

## BREXIT

### English councils ordered to appoint 'Brexit leads'

The government has pledged a new £10m package to assist councils and has told them to appoint designated 'Brexit leads'. New Communities Secretary Robert Jenrick said: "Local government has a vital role in helping to make Brexit a success and it is absolutely right that together we intensify preparations in every community. And to do this I have asked every council to appoint a Brexit lead to work with government. We'll be providing £20m for councils to support the major step up in preparations."

As part of the funding, local councils which have or are located near to a major air, land or sea port are set to receive a further share of £5m funding. In Kent, local authorities are set to receive over £2.6m, in recognition of the county being home to a number of the significant and busiest ports in the area. Kent County Council will receive £1m, while the other £1.6m will be shared among a further 13 local authorities in the county. The allocations of funds have been based on a number of factors, including the expected impact on the local area, the amount of EU Goods received by port areas into the country and the wider importance to the UK's trade network.

Chief executive of the Local Government Information Unit, Jonathan Carr-West gives his opinion on the impact of Brexit on Local Authorities:

The impact is expected to begin well before 31 October with councils devoting considerable time and money planning for a potential no deal Brexit. Councils on the frontline, such as those in Kent, will likely feel immediate significant implications whereas other councils will feel less immediate impacts but are still likely preparing themselves. For example, he suggests local authorities will be reviewing their preparedness for public disorder and civil unrest. In the worst-case scenario where there are temporary shortages of food and medicines councils will need to think about how to protect vulnerable groups such as children and the elderly.





There are still questions about much the sudden cessation of free movement might impact labour supply, particularly for the care sector. Business rates mean council finances are closely aligned with economic activity so impacts of Brexit on retail could transfer to shortfalls for local authorities. Furthermore, he suggests with a general election possible in the near future, electoral administration staff in local councils will also be on high alert. He finishes by stating "No deal Brexit is not a moment it is a process and for local authorities it is a process that has already begun".

<https://www.publicfinance.co.uk/news/2019/08/english-councils-ordered-appoint-brexit-leads>

<https://www.publicfinance.co.uk/opinion/2019/08/what-ever-goes-wrong-brexit-local-authorities-will-be-dealing-it1>

# APPENDIX I

## OPINION AND RECOMMENDATION SIGNIFICANCE DEFINITION

Audit Level of Assurance	Recommendation made Design Opinion	Level Findings from review	Responsible Effectiveness Opinion	Due Date	Current Progress Findings from review Trust Comments:
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.		IA Comments: The controls that are in place are being consistently applied. Trust Comments: Trust Comments:
<b>Moderate</b> 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.		IA Comments: Evidence of non compliance with some controls, that may put some of the system objectives at risk. Trust Comments: IA Comments:
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.		Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.		Non compliance and/or compliance with inadequate controls.



FOR MORE INFORMATION:

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