INTERNAL AUDIT PROGRESS REPORT

Oxford City Council

2023/24

IDEAS | PEOPLE | TRUST

BDO

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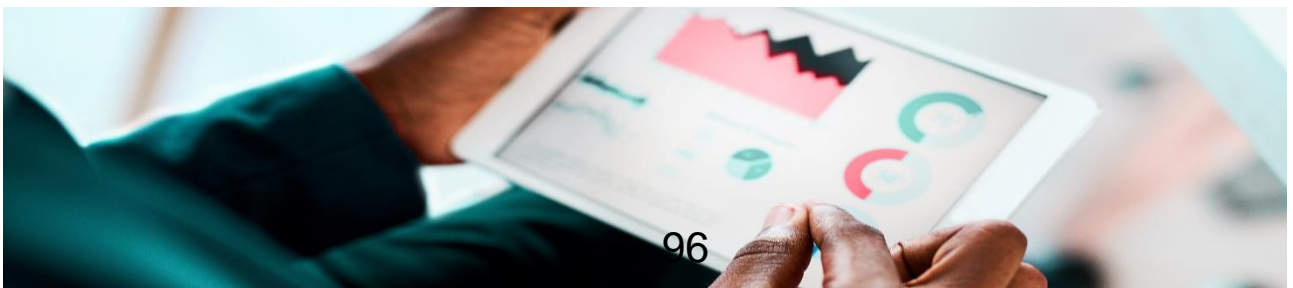
SUMMARY OF 2023/24 WORK

INTERNAL AUDIT

This report is intended to inform the Audit and Governance Committee of progress made against the 2023/2024 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 Internal Audit 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 Appendix 1 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.

2023/24 INTERNAL AUDIT PLAN

We are making progress in the delivery of the 2023/2024 audit plan, and we are pleased to present the following reports to this Audit and Governance Committee meeting:

- Building Control.

- Recruitment and Retention.

- Follow-up Report.

- Internal Audit Annual Plan 2024 - 25 and Strategic Plan 2024 – 27.

Fieldwork is underway in respect of the following audits which we anticipate will be presented at the next Audit and Governance Committee meeting:

- Data Analytics.

- Selective Licensing.

- QL Optimisation.

2023/24 INTERNAL AUDIT PLAN CHANGES

Health and Safety and Fire Safety Review – this review has been pushed back to 2025-26. The Council has undergone an independent review on their health and safety and fire safety measures by the regulators and several actions have been raised for the Council to address. Therefore, the team are at full capacity and would benefit from a review being undertaken in the future to monitor their progress.

Town Hall and Community Centre Lettings – This review has been removed from the Internal audit plan, as the Council are looking to procure a new system to manage the community centre lettings therefore the audit review will not add value at this stage.

2024/25 INTERNAL AUDIT PLANNING PROCESS

▸ We met with the Council's heads of services to determine key areas of risk within their service area and also engaged with the S151 Officer to collate a three-year strategic plan. We are presenting the plan to the Audit and Governance Committee for review and approval.

REVIEW OF 2023-24 WORK

AUDIT	EXEC LEAD	AUDIT AND GOVERNANCE COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Audit 1: Recruitment and Retention	Gail Malkin	Apr 24	✓	✓	✓	M	M
Audit 2. Planning Services	David Butler	Sept 23	✓	✓	✓	S	M
Audit 3. Building Control	David Butler	Apr 24	✓	✓	✓	M	M
Audit 4. Selective Licensing	David Butler	Jul 24	✓	✓	✓		
Audit 5: Health and Safety and Fire Safety	Jane Winfield/ Nerys Parry	Jul 24	This audit review has been moved into 2025-26 please see page 2 above.				
Audit 6. Data Analytics	Nigel Kennedy	Jul 24	✓	✓	✓		
Audit 8. Empty Properties and Dwellings	David Butler	Jan 24	✓	✓	✓	S	M
Audit 9. Town Hall and Community Centre Lettings	Ian Brooke	Apr 24	This audit review has been removed from the Internal audit plan for 2023 -24 please see page 2 above.				
Audit 10. Accounts Receivables	Nigel Kennedy	Jan 24	✓	✓	✓	S	M
Audit 11: QL Optimisation	Nigel Kennedy	Jul 24	✓				
Audit 12: Planned Maintenance and Refurbishment	Nerys Parry	Jan 24	✓	✓	✓	M	M

BUILDING CONTROL

EXECUTIVE SUMMARY

BAF REFERENCE: ENABLE AN INCLUSIVE ECONOMY, DELIVER MORE AFFORDABLE HOUSING AND SUPPORT THRIVING COMMUNITIES.

Design Opinion	● Moderate	Design Effectiveness	● Moderate

Recommendations	● 0	● 3	● 1
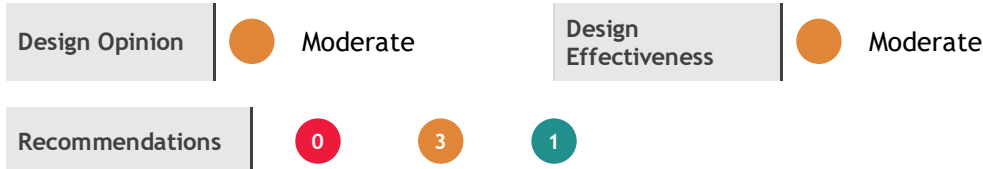
SCOPE

BACKGROUND

The Building Control service of Oxford City Council (the Council) is responsible for ensuring compliance with Building Regulations. Building Regulations are designed to ensure the health, safety, welfare and convenience, of people in and around buildings, the conservation of fuel power and water and the accessibility to, and facilities within buildings. It should be noted, Building Regulations are entirely separate from The Town and Country Planning Act 1990. Some of the matters covered by the Building Regulations include:

▶ Structural Stability.

▶ Fire Safety.

▶ Environmental Comfort.

▶ Water and Energy Efficiency.

▶ Access and facilities within buildings.

The Building Regulations also cover Building Works, how applications should be made, the duties and responsibilities of people involved, the technical requirements and what can be done without notifying the local authority, sometimes referred to as Exempt Works.

The Council's Application Team will review applications and validate them once all information required to decide a fee has been received and the fee has been paid.

The Building Control service will subsequently, assess and make decisions on applications submitted to it, to ensure the requirements of the Building Regulations are met by the proposals. The service will also carry out site inspections during a building project to verify compliance. On satisfactory completion of the building works, a Completion Certificate will be issued to the applicant.

The Council offer the following building control options:

▶ Full Plans - This is the most thorough building control option. A decision is made within five – nine weeks with the applicant's consent. A completion certificate will be issued within eight weeks of completion of the building work, providing it complies.

▶ Building Notice - This type of application is only for minor domestic projects. The applicant can start work two days after their notice has been submitted to the Council.

▶ Reversion - This type of application relates to projects previously undertaken under an Initial Notice with an Approved Inspector, where the Initial Notice has been cancelled or the Approved Inspector has ceased to trade.

▶ Regularisation – This is an application for retrospective approval for work already carried out without consent (this type of application is not available to historic Building Control Applications that were never completed by the applicant/owner).

▶ Reactivation - You can pay a charge to reactivate a previous building regulations application that is over three years since the last inspection, but no older than 15 years since the last inspection.

We conducted this review in 2016/17 where a moderate opinion was issued on both control design and effectiveness. Four medium recommendations were issued. Mainly to provide training to the Building Control Team and performance reviews to be conducted on the service area.

The Council have considered partnering with other Local authorities on their Building Control activities such as Cherwell District Council. However, due to resource constraints the Council are unable to offer up staff to accommodate joint working without impacting current Council targets. The Council will endeavour sharing resources for training opportunities with Cherwell District Council in the future.

As per the Building Control Performance summary for April 2023/24, 2096, inspections took place within the year and 225 plan check[1] applications were also received in the same period. The report also highlights several vacant positions within the team over the last few years due to difficulties both locally and nationally in recruitment and the retention of qualified and experienced Building Control Surveyors.

AREAS REVIEWED

We reviewed the following areas:

▶ Whether policies and procedures are fit for purpose and meet Council and legislative guidance to support Building Control.

▶ The training log to ensure training compliance was met, and whether there were adequate staffing arrangements in place.

▶ A sample of building control applications/notices were reviewed from April 2023 – January 2024 to determine whether:

  ▶ Reviews and approvals were made by an appropriate person.

  ▶ Whether inspections have been undertaken to ensure compliance with Building Control regulations.

  ▶ Applications were processed in a timely manner.

  ▶ The relevant building regulation fees were raised in line with the building control applications.

▶ Interviews were held to ascertain the Cross Group work and the effectiveness of the relationship between the Business Improvement Team and Building Control.

▶ The Council's website to ensure the Building Control service was appropriately promoted.

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[1] This process involves a full review of the scheme including the drawings, any structural calculations and the specification against the requirements of the Building Regulations, British and European Standards.

AREAS OF STRENGTH

We identified the following areas of good practise:

▸ The Council adequately promote their building control services on their website to allow income generation opportunities. This includes the different services offered, fees and charges and details of how to make an application.

▸ Of the ten cases reviewed, six required inspections and in all six cases the inspection notes were added to the system within 24 hours of the inspection taking place.

▸ The inspection notes were adequately detailed and other building control officers could easily continue to pick up the work if required.

▸ Regular monthly meetings take place between the Building Control and Applications Team to allow the teams to work cohesively and make any changes to process or legislation known.

AREAS OF CONCERN

We found:

▸ Building control policies have not been updated since 2014-15 and are no longer reflective of current practises. From interviews with staff it was found that the current processes are not well communicated to define the responsibilities of each team (Finding 1 – Medium).

▸ There are insufficient resources within the Building Control Team leading to lost income generation opportunities and staff often having to work overtime to reduce the backlog of applications (Finding 2 – Medium).

▸ A formal training plan is not in place to ensure the Building Control Team are regularly trained on the current processes and aware of new legislation (Finding 3 – Medium).
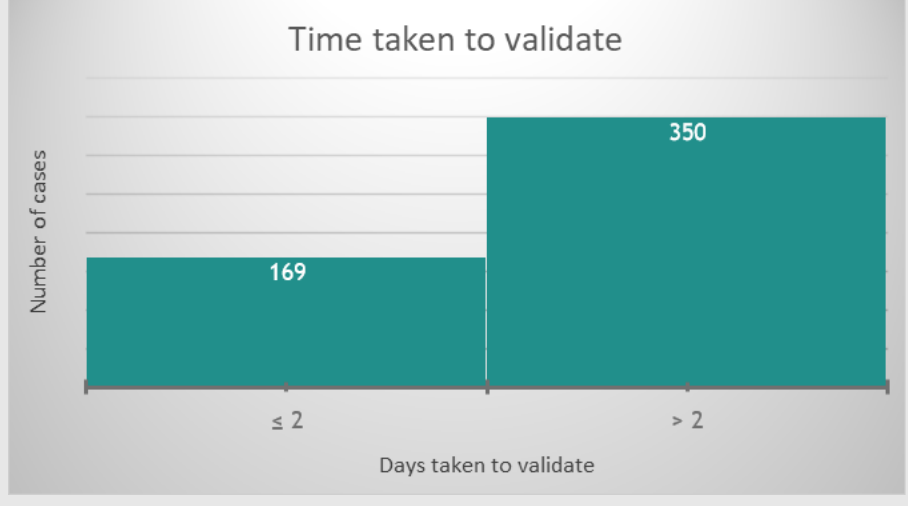
ADDED VALUE

▸ We performed data analytics over the building control applications received from April 2023 - January 2024 to determine the time taken between an application being received and an application being validated (reviewed) and whether this was in line with the Council's target of two days. We reviewed a total of 519 cases which were either validated either within the 2 days' time frame or exceeded this timescale

▸ Of the 519 cases:

— 169 applications were validated within the 2 days' time frame. One application was validated before the application was logged on the UNIFORM system.

350 cases exceeded 2 days, the validation of applications ranged between 3 to 152 days. Of these 350 cases, 20 site inspections took place before the

application was reviewed/validated this is not in line with Council Policy.

Time taken to validate

AREAS OF
CONCERN

Finding	Summary of Recommendations	Owner	Due Date
▸ Building control policies have not been updated since 2014-15 and are no longer reflective of current practises. From interviews with staff it was found that the current processes are not well communicated to define the responsibilities of each team (Finding 1 – Medium).	A. *The current building control policies should be updated following changes to legislation in April 2024 and communicated to both the Application and Building Control Team.* B. *The building control policies should be subject to annual review and approval and a committee/group to review the policy should be identified.* C. *The contents of management meeting discussions should be reported to staff at an operational level to ensure they are up to date with current processes.* D. *A newsletter should be circulated to the Team where changes to processes or policies have been applied.* ***Management Response*** A. *The current Building Control policies will be reviewed and updated to ensure they are in accordance with the forthcoming legislation. Due to staff pressures and significant work load, this will be programmed to be completed by the start of Q3.* B. *The Building Control policies will be reviewed annually or when required due to changes in procedure/guidance. All changes will be communicated with relevant officers. The policies are of a technical / procedural nature and are not suitable for sign off by a committee/group. Where necessary any major policy changes will be approved by the Regulatory Services Manager.* C. *Relevant Service Management meeting outcomes are already cascaded to operational staff at*	Building Control Team Manager	31 Oct 24

		Team Meetings, this practice will continue in the future. D. *Staff will be informed of procedural changes either by email or at the monthly team meeting. A newsletter is not required to communicate such information to officers.*		
	▸ There are insufficient resources within the Building Control Team leading to lost income generation opportunities and staff often having to work overtime to reduce the backlog of applications (Finding 2 – Medium).	A. *The Council should initially seek internal opportunities to drive recruitment and whether current staff can be upskilled to manage the current application capacity.* B. *Further The Local Government Association (LGA), which represents councils across England, has published its results of its Workforce Survey (2022) which states 43% of Districts and Single Tiers were experiencing difficulties recruiting building control officers and 21% experienced challenges with retention. The following measures have been taken by other Councils to tackle recruitment and retention issues, such as* - *Offering more flexible working.* - *Running targeted recruitment campaigns locally.* - *Offering accessible training and development opportunities.* - *Councils also looked to grow their apprenticeships offer.* C. *The Council should review the Building Control Workforce Survey 2023 report and take actions/feedback from the report to inform their recruitment drive.* *https://www.local.gov.uk/our-support/workforce-and-hr-support/workforce-capacity/building-control-workforce-survey-2023* **<u>Management response</u>** A. *The team currently has an apprentice who is receiving "on the job" training from officers meaning there is a lack of capacity to upskill others within the team without having a detrimental impact on both performance and well-being.* B. *Noted, but does not constitute a recommendation and should be removed. Such matters are already embedded in the Council's recruitment processes – BDO Risk Accepted included for information purposes only* C. *This will be taken into account when undertaking any further recruitment.*	Regulatory Services Manager	31 May 24
	▸ A formal training plan is not in place to ensure the Building Control Team are regularly trained on the current processes	A. *A Training Needs Analysis should be undertaken annually to explore the type of training the Council can offer staff including exploring opportunities for joint training.*	Building Control Team Manager	31 Jul 24

	and aware of new legislation (Finding 3 – Medium).	B. *A training plan should be created as a result of the training needs analysis and circulated to the Building Control Team and other teams (where applicable).* *Management response* A. *As part of the QMS system being developed in accordance with the requirements of the Building Safety Regulator a competency framework for the team is being developed. This will be used, along with staff appraisals, to explore the training which can be offered.* B. *A training plan will be developed to highlight, and where possible address, any training needs following the completion of the competency matrix.*	

CONCLUSION

There was adequate promotion of building control services on the Council website and a review of sample testing of building control applications noted that detailed inspection notes were uploaded within 24 hours of an inspection in line with policy.

However, we noted low staff capacity reducing the resilience of the team as any form of staff absence can heavily impact the time a customer waits for a building control application to be validated or an inspection to take place. This also limits the income generation opportunities the Council can undertake as staff resources are currently stretched to cover the current number of applications.

Policies and procedure guidance for the Building Control function are significantly outdated and do not reflect the current practises or legislation. In addition, a lack of internal procedural training could contribute to the lack of awareness of legislative requirements amongst the team.

Therefore, we have issued the Council with moderate controls for both the control design and effectiveness for Building Control.

RECRUITMENT AND RETENTION EXECUTIVE SUMMARY

STRATEGIC PRIORITIES: OTHER (INCLUDING FINANCE/ICT)

Design Opinion	🟠 Moderate	Design Effectiveness	🟠 Moderate

Recommendations	🔴 0	🟠 5	🟢 1
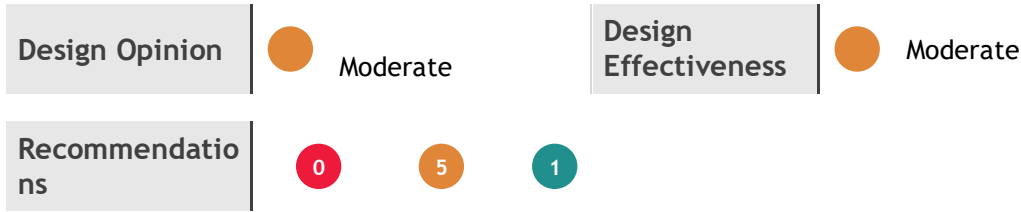
SCOPE

BACKGROUND

Recruitment refers to the practice of identifying, attracting and appraising the suitability of applicants to find the best candidate for a role, with the requisite skills, at the right time and in a fair way. Retention is the practice of keeping staff employed within the organisation by providing a positive work environment and where possible, offering progression opportunities. To avoid high turnover of staff and the associated disruption and costs that this causes, it is good practice to build a productive and happy environment for employees, allowing individuals to thrive in their roles.

Oxford City Council (the Council) has a total of approximately 800 employees occupying various positions within the Council. Currently, the Council advertises all job positions on their website, uses other media depending on the nature of the role and promotes opportunities in the community. Where job positions require criminal record checks, the Council use Disclosure and Barring Service (DBS) to assess applicants' suitability for these positions. The Council aims to comply with the DBS Code of Practice and treats all applicants for the position fairly.

As per the Council's Recruitment and Selection Policy (2022), the People Team are responsible for advising the Hiring Managers on effective methods to attract potential employees contributing to a diverse and high performing workforce. The Hiring Managers are responsible for designing and managing the recruitment process to ensure a high-quality appointment. The roles and responsibilities of the Hiring Managers at each stage is further detailed within the Hiring Managers guidance. The Council undertake 'safer recruitment' when recruiting to relevant posts which includes safeguarding and promoting the welfare of children and vulnerable adults at every stage of the recruitment process.

Although the Council do not have a retention policy/strategy in place, the Council are currently running a management development programme to improve career opportunities and help retain their current employees. The turnover rate at the Council is 10% as of December 2023. The Council use exit surveys to determine reasons for leaving, one of the main reasons have been to seek new career opportunities.

The Council use the ITrent system to support the recruitment process. However, the Council recognise the use of the system alongside other areas within the recruitment process require improvement. Our audit will review the action taken by the Council to address these areas.

We undertook a review in 2017/18 where a moderate opinion was issued on control design and effectiveness we noted there was not a retention strategy in place, insufficient guidance on the recruitment process and insufficient monitoring of recruitment data.

AREAS REVIEWED

The following areas will be covered as part of this review:

▶ We tested a sample of five leavers to confirm an exit survey was completed and the Council identified the root cause for leaving.

▶ We reviewed the Council's People Plan and People Strategy to confirm the appropriateness for addressing retention across the Council.

▶ We tested a sample of five new starters who joined the Council within the period April to November 2023 to confirm pre-employment checks were undertaken and authorised by an appropriate person.

▶ We reviewed the ITrent system and the Council's website to confirm they are fit for purpose and appropriate measures have been taken to attract potential candidates.

▶ We reviewed the current sickness absence and vacancy data reported to the Corporate Management Team (CMT) to confirm there is adequate monitoring and scrutiny of the recruitment function.

AREAS OF STRENGTH

▶ The People Plan contains six themes which contribute to improving the work culture and well-being of staff. The themes are:

— High performing, flexible workforce.

— Create a culture of wellbeing, diversity & engagement.

— Promote, champion & support inspirational leaders.

— People Team Transformation.

— Attract reward and retain.

— Support development.

▶ Actions are identified within the People Plan which are assigned to the Recruitment Consultant within the People Team. The Progress of completion of actions is reported to the Organisational Change Board (OCB) on a monthly basis.

▶ Sickness absence data is extracted from the ITrent system and reported to the CMT on a quarterly basis. We reviewed the October 2023 (Q2) report and identified data is reported on the number of absences with a breakdown of reasons. For example, within the period 1 April to 30 September 2023, a total number of 613.55 days were lost due to stress, anxiety and depression.

▶ The Council conducted exit surveys for leavers which received a low response rate. Since September 2023, to address this issue, the Council outsourced the completion of exit surveys to the provider - Survey Initiative. Once the People Team inform Survey Initiative of a leaver, weekly reminder emails are issued to the leaver until they have either left the Council or completed the survey. Since outsourcing, 43% of leavers have completed the survey. The survey is completed anonymously and consists of 19 questions and a section for further comments for respondents to add additional detail. A quarterly report is received from Survey Initiative outlining the responses for each question per service area.

▶ A presentation was completed to the CMT on 4 December 2023 outlining the results of the exit surveys to the members. Of the 15 surveys completed, 20% of staff left due to End of contract with 13% due to

retirement, career opportunity & other. The survey questions allow leavers to add comments to further detail reason behind leaving and are completed anonymously to help improve Council processes.

AREAS OF CONCERN

Finding	Summary of Recommendations	Owner	Due Date
▶ The Recruitment and Selection Policy is out of date and does not outline the key stages of the recruitment process with corresponding timescales for completion (Finding One – Medium).	A. To review and update the Recruitment and Selection Policy to clearly outline roles and responsibilities of all officers and service areas involved in the recruitment process and share the Policy with Heads of Services & Hiring Managers including uploading the policies onto the intranet. B. To review and finalise the Recruitment process flow chart, incorporate this within the Recruitment and Selection policy and update timescales for each stage of the recruitment process and share with the People Team, Heads of Service & Hiring Managers. **Management Response** **Recommendation A.** The Recruitment and Selection Policy and Procedure outlines the roles and responsibilities of all officers and is readily available on the intranet. However, the associated Recruitment and Selection Guide/s, Help Points etc that are also on the intranet are not clear on roles and responsibilities. This will be resolved once the Recruitment process flowchart has been implemented (see B. below). In addition, the roles and responsibilities of recruiting managers will be further emphasised through the series of training sessions that are due to be launched in 2024. **Recommendation B.** The Recruitment process flowchart has been finalised and includes timescales. This will be incorporated both into the Policy and Procedure and the Guide on the intranet and all Officers will be made aware of it through our normal communication channels.	Gail Malkin, Head of People	31.12.24
▶ There is no reporting to the CMT on key recruitment data metrics such as agency spend, vacant position and root cause of leaving. This is	A. To conduct a review of the ITrent system and the ability to contain all data/documents in relation to recruitment within this system. B. To obtain feedback from system users of ITrent, idox and ASM to determine the most effective system to use for recruitment data retention.	Gail Malkin, Head of People	31.12.24

	attributable to incomplete recruitment data on the ITrent System (Finding Two – Medium).	C. To review the system functionality to producing recruitment monitoring data such as time to hire, agency spend and vacancy data. **Management Response** **Recommendation A.** Risk Accepted. Currently looking at improving the system and to bring the best out of the current system. iTrent does not have the capacity to store all documents or data related to recruitment within the system. Recruitment campaign data including job details, applicant details, interview details and stages is held within iTrent and retained in line with GDPR guidelines. We have no current plans to develop the system to support recruitment but we are currently working to improve the use of the existing functionality. There would be a cost to expanding the use/ functionality of iTrent and we have no budget for this. **Recommendation B.** Data is currently held in the iTrent and ASM systems. Both are currently under review to either upgrade in part (iTrent) and or replace (ASM). Idox is used as a document storage system. We will review the best way for retaining the data and involve system users. **Recommendation C.** Agency spend data is held by Finance. We are exploring whether we can hold duplicate agency spend records in the People Team but this is likely to require a manual intervention. Whilst it is recognised that the ASM system is not the best fit for use as a People Service Desk, it is still in the development stages and as such, reporting functionality for monitoring purposes continues to be explored. Agency spend data reporting is unlikely to be resolved in the short term, vacancy reporting will always be difficult as managers will hold and use vacant resources flexibly and we do plan to improve reporting of the time to recruit and other process measures to monitor performance of the People Team.		
	▶ Our sample testing of five new starters identified evidence was not retained on the candidate files within the Idoxs system to verify whether pre-employment checks have been completed ahead of the start date	A. To review the use of ITrent and the functionality to contain all documentation including employee references in relation to recruitment. B. To update the Recruitment and Selection Policy to provide clarity of the roles and responsibilities of the People Team and Hiring Managers with respect to uploading documents and updating the ITrent System. C. A risk assessment should be undertaken and mitigating	Gail Malkin, Head of People	31.12.24

	(Finding Three – Medium).	actions should be in place while waiting for DBS check results, should management employ an individual prior to DBS check results being received. **Management Response** A. Recommendation A. See response to 2(A) above. With the exception of Agency Staff, references should be saved in the individual's file in the IDox system. B. Recommendation B. Same response as 1(A) above. The Recruitment and Selection Policy and Procedure outlines the roles and responsibilities of all officers and is readily available on the intranet. However, the associated Recruitment and Selection Guide/s, Help Points etc that are also on the intranet are not clear on roles and responsibilities. This will be resolved once the Recruitment process flowchart has been implemented (see B. below). In addition, the roles and responsibilities of recruiting managers will be further emphasised through the series of training sessions that are due to be launched in 2024. C. Recommendation C. In the majority of cases, DBS checks are completed prior to an individual commencing employment. If this is not possible then an assessment of risk is undertaken and mitigating actions put in place which may include a delay in start date or ensuring that the new starter does not undertake any related work tasks in isolation. A review of the process will be undertaken including clarifying roles and responsibilities of the People Team and HM and will be included in the Policy/Procedure and Flow chart.		
	▶ The ITrent system is not being used at its full capability within the recruitment process as the People Team manually intervene during shortlisting, resulting in delays in recruitment (Finding Four - Medium).	A. To review the use of ITrent and the ability to automate the shortlisting process allowing Hiring Managers to complete shortlisting directly through the system. B. To conduct a training session for Hiring Managers which outlines the stages of the recruitment process and provides clarity of their responsibilities within the recruitment process **Management response**	Gail Malkin, Head of People	31.12.24

		Recommendation A. It is already on the agile recruitment task list to explore the option of HM looking after shortlisting etc. With the removal of HR Admin, it will present a good opportunity to push for this and allow shortlisting to be completed directly in the system. **Recommendation B.** See response to 1(A) above. Training will be delivered in 2024.		
	▸ There is a lack of detail on the Council's website on the recruitment process. The People Team are in the process of developing the recruitment website pages but require further support from the Communication Team (Finding Five – Medium).	A. To agree a workplan alongside the Communications Team which identifies clear and achievable timelines for the completion of the website development in 2024. **Management Response** A. Recommendation A: The web project has been delivered but there is outstanding work on the recruitment pages. Video content has been developed and the recruitment consultant is working with the Communications Manager to complete recruitment page design.	Gail Malkin, Head of People	31.12.24

CONCLUSION

Overall, the Council have an effective People Plan made up of six key objectives, actions to meet these objectives were identified and regularly monitored by the Head of People and the Organisational Change Board (OCB). Furthermore, sickness absence rates and exit survey results were monitored and reported upwards to CMT identifying key themes and providing awareness to service areas on the changes required to improve their current processes.

However, we noted the Council does not retain data to ensure vacant positions are filled in a timely manner. Additionally, we identified the ITrent system is not being used efficiently resulting in the People Team completing the shortlisting process manually, causing delays in recruitment. Furthermore, sample testing identified pre-employment documentation checks are not retained within the Idox systems exposing the Council to a sensitive data breach.

This led us to conclude a moderate level of assurance on control design and effectiveness.

KEY PERFORMANCE INDICATORS

QUALITY ASSURANCE	KPI	RAG RATING
High quality documents produced by the auditor that are clear and concise and contain all the information requested.	We have had 3 survey responses in 2023-24 where the respondent 'Agreed' or 'Strongly Agreed' that the final report was clear and concise.	G
Frequent communication to the customer on the latest mandatory audit standards and professional standards prescribed by the main accountancy bodies.	Sector updates were provided within the Audit and Governance Committee progress report and/or in appending reports.	G
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings so far have been attended, including Audit and Governance Committee meetings, pre-Audit and Governance Committee, scoping meetings and meetings during audit fieldwork.	G
Information is presented in the format requested by the customer.	No requests to change the BDO format.	G
Customer satisfaction reports – overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.	We have received 3 survey responses for 2023/24 where we had an average score of 4 for audit satisfaction. We will continue to issue surveys for each audit as it is finalised and have escalated to the s151 officer where these have not been received.	G
External audit can rely on the work undertaken by internal audit (where planned)	To be clarified at year end once we have met with the external auditors	-
Positive result from any external review	In June 2021 an External Quality Assessment by the Institute of Internal Auditors reported that BDO LLP's Public Sector Internal Audit Team 'generally conforms' with the International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS). This is the highest of the three ratings categories.	G

REPORTING ARRANGEMENTS	KPI	RAG RATING
Draft report to be produced 3 weeks after the end of the fieldwork	We have issued draft reports within 3 weeks of fieldwork 'closing' meeting and finalised internal audit reports within 1 week after receiving management responses.	G
Management to respond to internal audit reports within 2 weeks	We have received management responses within 2 weeks for all audit reports so far in 2023/24.	G
Final report to be produced 1 week after management responses	The final reports issued were released within one week of receipt of management comments for all reviews so far in 2023/24.	G
90% recommendations to be accepted by management	All our recommendations made were accepted by management and we worked with the Auditees to present information in the format requested.	G

DELIVERY	KPI	RAG RATING
Annual Audit Plan delivered in line with timetable and Actual days are in accordance with Annual Audit Plan	Progress against the audit plan is reported at every Audit and Governance Committee, against original planned dates. A majority of audits have been completed in line with the actual days agreed except for Planned Maintenance and Refurbishment which took over several months to complete due to client delays in providing sufficient evidence, some dates were moved back at the request of the Council.	A
At least 60% input from qualified staff	Audits undertaken in 2023/24 have been undertaken by qualified staff.	G

LOCAL GOVERNMENT SECTOR UPDATE

Our quarterly public sector briefing summarises recent publication 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, non-executive directors and governors.

ARE WE IN THE AGE OF THE LATCO?

Norse Group chief executive Justin Galliford believes that a trading company offers the best of all worlds

Almost one in five council leaders and chief executives in England surveyed by the Local Government Association think Across the country councils are struggling to maintain services in the face of relentless cost increases, skills shortages and rising demand on services. There have been several reports in the media about the financial pressures faced by councils, and it seems to me that a lack of certainty in an election year only adds to the challenge.

It is perhaps no surprise that there is increasing interest in Local Authority Trading Companies. They can give councils all the benefits of insourcing: control over services; direct employment of staff, in a more commercial environment; and they are popular – poll after poll has shown that residents prefer frontline services to be provided by their council rather than the private sector.

Crucially, and unlike a traditional DLO, they also offer the opportunity to create a more commercial culture, with greater operational efficiency and the ability to trade externally and develop revenue streams. Profits are returned to council coffers rather than private shareholders, helping to close the funding gap and protect public services.

At a time of great uncertainty over the funding of services, perhaps the greatest benefit is the flexibility to bring in changes – such as reducing waste collection frequencies – without the need to renegotiate contracts, and without the penalty of variation charges. As new regulations come in, which will require changes to vehicles and service configuration, and with continuing pressure to achieve net zero, this ability to re-engineer and innovate will become even more important.

https://www.publicfinance.co.uk/sponsored-articles/2024/03/are-we-age-latco

LEVELLING UP PROJECTS SEE 'ASTONISHING' DELAYS

Projects paid for through levelling up funding pots have faced huge delays and the government does not plan to evaluate their long-term success, despite the fact it was supposed to be a flagship policy, MPs have said.

The Public Accounts Committee found that, as of December 2023, only £3.7bn of the £10.5bn supposed to be spent by 2025-26 had been given to councils and less than half of this (£1.2bn) had actually been spent.

The Department for Levelling Up, Housing and Communities told the committee that delays have arisen because of Covid-19 disruptions and higher-than-expected inflation.

However, the committee said potentially more impactful projects lost out to 'shovel-ready' alternatives – and even these have not been delivered. "The levels of delay that our report finds in one of [the] government's flagship policy platforms is absolutely astonishing," said PAC chair Dame Meg Hillier.

"The vast majority of levelling up projects that were successful in early rounds of funding are now being delivered late, with further delays likely baked in.

"DLUHC appears to have been blinded by optimism in funding projects that were clearly anything but 'shovel-ready', at the expense of projects that could have made a real difference."

The committee also expressed concern over transparency, with rules changing while bids were being assessed (changes that councils were not told about in advance), meaning 55 councils wasted much-needed public resources on making bids that stood no chance of winning funding in that round.

In its report, the PAC said DLUHC is "playing catch up" in its evaluation efforts, and MPs said they are worried that the evaluation will not cover the long term.

https://www.publicfinance.co.uk/news/2024/03/levelling-projects-see-astonishing-delays

FOR INFORMATION

For the Audit and Governance Committee Members and Executive Directors

SPRING BUDGET: BDO UPDATE

Summary of key measures announced

The measures announced in the Spring Statement include:

Sector wide

▶ New plans for public sector productivity will deliver up to £1.8bn worth of benefits by 2029. According to the Office for Budget Responsibility, returning to levels of pre-pandemic productivity could save £20bn a year across the public sector.
▶ Local authorities have already been asked to produce productivity plans by July 2024 setting out how they will improve service performance, utilise data and technology, and reduce wasteful spend

Devolution and Regeneration

▶ A trailblazer devolution deal for the Northeast and three county devolution agreements for Warwickshire, Buckinghamshire and Surrey. These agreements should bring powers closer to communities.
▶ The government has announced further details on Investment Zones in Greater Manchester, Liverpool City Region, Northeast of England, South Yorkshire, West Midlands and West Yorkshire. The government has also confirmed that the Tees Valley Investment Zone will focus on the digital and creative sectors.
▶ The government is announcing £400m of investment to extend the Long-Term Plan for Towns to a further 20 places across the UK.

Other specific measures

▶ Household Support Fund Extension – The government is providing an additional £500m (including Barnett impact) to enable the extension of the Household Support Fund in England from April to September 2024.
▶ Expanding counter fraud capability through deploying AI – The government has announced £34m to expand the Public Sector Fraud Authority by deploying AI to help combat fraud across the public sector.
▶ The government will provide £45m match funding to local authorities to build an additional 200 open children's home placements and £120m to fund the maintenance of the existing secure children's home estate.
▶ Digital Planning – A new pilot will use AI to help speed up development of local plans. In addition, new software will be explored to streamline key processes for planning officers.
▶ Allowing local authorities further flexibility in their use of Right to Buy receipts. The government will increase the cap from 40% to 50% on the percentage of the cost of a replacement home that can be funded from Right to Buy receipts.

https://www.bdo.co.uk/en-gb/microsites/budget-spring-budget-2024

FOR INFORMATION

Audit and Governance Committee, Executive Directors, and Non-Executive Directors

LONDON COUNCILS: INCREASED HOMELESSNESS SUPPORT CRITICAL IN BUDGET

Extending the Household Support Fund and reforming council temporary accommodation support at next week's Budget are important to mitigate some financial pressures facing London boroughs, a senior officer has said.

Rent increases pricing people out of the private market amid the cost-of-living crisis and the need to support more asylum seekers have created a "perfect storm" exerting pressure on finances, Paul Honeyben, strategy director of local government finance and improvement at London Councils said.

He told PF authorities have forecast a £170m overspend in homelessness services this year, just under a third of the £600m overall in-year budget gap, with these pressures likely to continue next year.

Honeyben said the government must consider continuing the £800m Household Support Fund, which expires at the end of 2023-24 and update funding for councils placing people into temporary accommodation.

Currently authorities suffer from "subsidy loss", because the amount the government reimburses councils for placing housing benefit recipients into temporary accommodation is set on rental costs from 2011.

Removing this cap would offset the sharp rise in temporary accommodation costs and reduce the subsidy loss, which has become larger in recent times as authorities increasingly resort to B&B and commercial hotels to house people.
Honeyben said: "That is our biggest concern at the moment, the temporary accommodation overspend problem.

SPRING BUDGET: BDO UPDATE

Summary of key measures announced

"There are lots of factors around it, but that is the thing that we would want the government to recognise in the Budget if there is anything."

https://www.publicfinance.co.uk/news/2023/12/leeds-sets-difficult-ps60m-savings-target-save-s114

FOR INFORMATION

Audit and Governance Committee, Executive Directors, and Non-Executive Directors

APPENDIX I

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial	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.	The controls that are in place are being consistently applied.
Moderate	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.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	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.
No	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.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

Gurpreet Dulay
Partner

Gurpreet.Dulay@bdo.co.uk

www.bdo.co.uk