Eastern Internal Audit Services

Borough Council of King's Lynn and West Norfolk

Internal Audit Half Year Progress Report

Period Covered: 12 November 2021 to 9 June 2022

Responsible Officer: Faye Haywood – Internal Audit Manager

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1. INTRODUCTION

1.1 This report is issued to assist Borough Council of Kings Lynn and West Norfolk in discharging its responsibilities in relation to the internal audit activity.

1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Council to determine.

1.3 To comply with the above this report includes:

- Any significant changes to the approved Audit Plan;
- Progress made in delivering the agreed audits for the year;
- Any significant outcomes arising from finalised audits;

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

2.1 At the meeting on 15 March 2021, the Annual Internal Audit Plan for the year was presented to the Audit Committee. A summary of changes that were made to the plan throughout the year is provided below:

Audit Title	Days	Reason for Change
Addition - Waste Services	15	Significant risk raised in CRR
Addition Housing Standards	10	Significant risk raised in CRR
Asset Register	-15	Deferred to 2022/23 to allow for new system implementation.
Performance & Appraisal	-15	No significant risk raised.
Compliance with Bribery Act 2010	-10	No significant risk raised.
ICT Wireless Networks	-15	No significant risk raised.
Democratic Services	-15	No significant risk raised.
Play Areas	-10	No significant risk raised.
Amenity Property & Land	-15	No significant risk raised.
Care & Repair	-7	No significant risk raised.
Total	-77	Reduction of 77 days in 2021/22 to ensure resources are utilised to provide assurance over key risks.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.

3.2 In summary 298 days of programmed work has been completed, covering a total of 20 audits from the revised Internal Audit Plan for 2021/22.

3.3 The majority of the Internal Audit reports from 2021/22 have been completed. A total of five reports are nearing completion and are to be issued in draft imminently, these are (Accounts Payable; Food Safety & Health and Safety; Capital Programme; Waste Services; and Housing Standards).

4. THE OUTCOMES ARISING FROM OUR WORK

4.1 Upon completion of each individual audit an assurance level is awarded using the following
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Assurance Opinion	Definition
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.
Limited Assurance	Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

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s made on completion of audit work are prioritised using the following definitions:

High: Fundamental control issue on which action to implement should be taken within 1 month.

Medium: Control issue on which action to implement should be taken within 3 months.

Low: Control issue on which action to implement should be taken within 6 months.

4.2 During the period covered by the report 12 reports have been finalised:

Audit	Assurance	High	Medium	Low
Planning Enforcement	Substantial	0	0	7
Street Cleansing	Substantial	0	0	4
Emergency Planning & Management	Reasonable	0	2	1
Council Tax & Business Rates	Reasonable	0	1	9
Policies	Reasonable	0	4	6
Financial Management Systems	Reasonable	0	1	3
Benefits	Reasonable	0	2	1
Alive West Norfolk	Limited	2	1	3
ICT Disaster Recovery	Reasonable	0	5	6
Licensing	Substantial	0	0	2
Financial Governance and Budgetary Control	Reasonable	0	3	4
Payroll	Reasonable	0	0	2
Total		2	19	48

The Executive Summary of these reports are attached at **Appendix 2;** full copies of these reports have been added to the intranet for Members to access.

4.3   As can be seen in the table above as a result of these audits a total of 69 recommendations have been raised and agreed by management.

4.4   In addition to the above, the Internal Audit Team carried out a consultancy engagement of the Covid-19 Business Grants. A total of 23 days were delivered, and seven suggested actions have been raised.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations			Date to Committee
							High	Medium	Low	
Quarter 1										
Eco Dev & Regen	19/20	4	4	4	Final report issued on 13 October 2021.	Substantial	0	6	0	Nov-21
Planning Enforcement	20/21.16	5	5	8	Final report issued on 3 November 2021.	Substantial	0	0	7	Jun-22
Information Legislation (DPA, FOI, EIR)	21/22.8	10	10	16	Final report issued on 15 October 2021.	Substantial	0	2	3	Nov-21
Street Cleansing	20/21.17	5	5	5	Final report issued on 18 March 2022.	Substantial	0	0	4	Jun-22
TOTAL		**24**	**24**	**33**						
Quarter 2										
Emergency Planning & Management	21/22.10	15	15	15	Final report issued on 17 January 2022.	Reasonable	0	2	1	Jun-22
Council Tax & Business Rates	CO1	10	10	12	Final report issued on 11 February 2022.	Reasonable	0	1	9	Jun-22
Policies	20/21.1	5	5	6	Final report issued on 27 April 2022.	Reasonable	0	4	6	Jun-22
Financial Management Systems	CO3	20	20	20	Final report issued on 18 March 2022.	Reasonable	0	1	3	Jun-22
Covid-19 Business Grants	21/22.3	17	17	23	Final position statement issued on 8 November 2021.	Position Statement				Jun-22
Benefits	CO4	10	10	10	Final report issued on 20 January 2022.	Reasonable	0	2	1	Jun-22
Care & Repair	20/21.19	7	0	0	Cancelled.					
TOTAL		**84**	**77**	**86**						
Quarter 3										
Alive West Norfolk	21/22.9	20	20	20	Final report issued on 28 April 2022.	Limited	2	1	3	Jun-22
ICT Disaster Recovery	20/21.7	15	15	15	Final report issued on 30 May 2022.	Reasonable	0	5	6	Jun-22
Licensing	21/22.14	15	15	15	Final report issued on 23 March 2022.	Substantial	0	0	2	
Accounts Payable	CO2	20	20	16	Testing currently in progress.					
Financial Governance and Budgetary Control	CO9	20	20	20	Final report issued on 27 April 2022.	Reasonable	0	3	4	Jun-22
Play Areas	21/22/.13	10	0	4	Deferred					
Amenity Property & Land	21/22.6	15	0	0	Deferred					
Democratic Services	21/22.1	15	0	0	Deferred					
TOTAL		**130**	**90**	**90**						

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations			Date to Committee
							High	Medium	Low	
Quarter 4										
ICT Wireless Networks	21/22.7	15	0	0	Deferred					
Payroll, expenses & allowances	CO6	20	20	20	Final report issued.	Substantial	0	0	2	Jun-22
Food Safety and Health & Safety	21/22.11	15	15	14	Draft report completed					
Performance & Appraisal	20/21.4	15	0	0	Cancelled					
Compliance with Bribery Act 2010	21/22.2	10	0	3.5	Cancelled.					
Capital Programme	21/22.5	15	20	18	Draft report completed					
Asset Register	21/22.4	20	0	4.5	Deferred to 2022/23					
Waste Services *(Addition)*	21/22.20	0	15	10	Testing currently in progress.					
Housing Standards *(Addition)*	21/22.21	0	10	7	Testing currently in progress.					
TOTAL		**110**	**80**	**77**						
Other										
Major projects - consultancy	21/22.12	15	15	12	Officer Major Projects Board Meetings					
TOTAL		**15**	**15**	**12**						
TOTAL		**363**	**286**	**298**			**2**	**27**	**51**	
Percentage of plan completed				**104%**						

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Planning Enforcements - Executive Summary

Our Assurance Opinion: SUBSTANTIAL								
No. of Assurances Over Control Areas Reviewed					No. of Recommendations & Priorities			
Full	Substantial	Limited	No	Total	High	Medium	Low	Total
0	5	0	0	5	0	0	7	7

Overall Objective and System Background
As part of the Internal Audit Plan for 2018-2019, an audit has been undertaken to gain assurance that the authority can provide and ensure a good quality enforcement service. Planning Enforcement sits within the Environment and Planning Directorate, and comes within the Development Portfolio. There are delegated powers to the Executive Director - Environment and Planning for planning functions, including Enforcement (section 1.3) and High Hedges (section 1.4). The Directorate Plan includes an objective relating to enforcement (PC2) to 'Ensure the provision of a good quality enforcement service'. Planning Enforcement is currently staffed by the Team leader (FTE), two enforcement officers (1 x FTE, 1 x PTE @ 3 days p/w), with an additional PTE officer @ 3 days proposed and being worked on, DLBG – Derelict Land and Buildings Group. The main legislation, guidance and corporate policies related to the service are the following: • Town & Country Planning Act 1990; • Corporate Enforcement Policy 2017; and • Scheme of Delegation Enforcement action can arise from: • Planning conditions not being met; and • Complaints from the public

Summary of Key Control Issues and Risks
The key control issues *(and risks)* identified in the audit are: <u>Control</u> There does not appear to be a procedure in place, whether this be either documented or discussed as to how outstanding monies for court fees and compensation costs are dealt with to enable the council to collect monies owed.

Risk

The council are unable to ensure outstanding monies received from the courts are allocated correctly resulting in the Council being unable to accurately record, monitor and instigate appropriate recovery actions for outstanding debts. This may ultimately lead to a loss of income expected if the debts cannot be attributed to the correct debtor and/or the correct amount owed are not known either.

Control

The Court collects the costs and compensation on behalf of the Council. No record is provided by the Court on opening balances, cumulative amounts paid and outstanding balance. Legal do not keep a record and neither do Planning Enforcement. Considerations should therefore be made to make contact with the Courts in order to get the relevant reference numbers added to the payments being made.

Risk

- There is no effective check kept on the outstanding amounts due to the Council from the Courts and the outstanding amount is not being included in the Council's accounts as a current asset.
- It is not always possible to recover costs, which can affect the decision to take direct action.

Summary of Key Recommendations

The key recommendations arising from the audit are:

- A process should be developed to ensure finance are aware of court costs awarded to the authority.
- Rechargeable accounts should be set up for the value of the original sum awarded, record payments made and provide a debtor figure at year end.

Street Cleansing - Executive Summary

Our Assurance Opinion: SUBSTANTIAL			
No. of Recommendations & Priorities			
High	**Medium**	**Low**	**Total**
0	0	4	4

Overall Objective and System Background

The overall objective of the audit is to gain assurance that the council has adequate processes and procedures in place regarding the areas of concerns raised with audit. The last audit of Street Cleansing was undertaken in 2014/15, and was given a Substantial Assurance Rating. A follow-up report was produced in November 2015 and the progress towards the recommendations was very good.

Within the council's Corporate Business Plan there are 6 priorities and objectives. Priority Number 5 states the following:

Five - Creating and maintaining good quality places that make a positive difference to people's lives.
The objectives are to:
- protect, promote and enhance the borough's natural and built environment
- maintain accessible, clean, pleasant and safe public places and communities

Audit was made aware of concerns raised by Public Open Space Manager regarding areas of Street Cleansing which were due to be audited this year. To focus the audit on the areas of concern a discussion took place to understand their concerns. The concerns related to the following area of works within Street Cleansing:

- Processes and Procedures for Toilet Cleaning, Litter Picking and Dog Waste Bins;
- Northern Area lone worker; and
- Weekend works and value for money.

There are a total of 43 officers who work within Street Cleansing of which 28 officers are responsible for Litter Picking, 9 officers are responsible for Toilet Cleaning duties, and 1 officer is responsible for dog waste collection within the borough.

The borough is split into different zones, defined by Department for Environment, Food and Rural Affairs (DEFRA). The three town centres within the borough (King's Lynn, Hunstanton and Downham Market) are the areas defined as Zone A. Zone A's within Hunstanton and Downham Market are expected to be cleaned by 10:00am, and King's Lynn Zone A should be cleaned by 11:00am. This is defined by the Environmental Protections Act 1990 and Code of Practice on Litter and refuse.

The current Street Cleaning teams work a 4 days on, and 4 days off rota for 364 days per year. If overtime is required the team must at least use the first 2 days or the last 2 days of their rota as rest days.

During the Non-Seasonal period (October/November – Easter) officers who usually work in the Neighbourhood Teams cover for duties usually performed by officers (i.e. The Walks Teams) who work in the Seasonal (Easter – October/November) Period.

Summary of Key Control Issues and Risks

There are no key control issues or risks that we have identified within the audit, however there are some minor control issues and risks that have been identified.

- The department has a spreadsheet document that details the annual billing total for each dog waste bin collection area. On initial inspection the auditor identified 51 queries with the document. On the first draft of the new spreadsheet compiled by the Business Administration Manager, 30 of these queries have been rectified (59%).
    - Risk: The current departmental record is not fit for purpose in its current form. Incorrect information relating to collections and charges to the parishes at the end of the year could be undervalued resulting in a loss of income to the council.

Summary of Key Recommendations

No high or medium priority recommendations have been raised within the report.

A total of 4 low priority recommendations have been raised as follows;
- The Cleaning Methods document should be updated to include a revision front sheet to include what has changed from one review to another, or to amend the date at the top of the document to the most recent review date with an inclusion within the document of when the next review will be carried out and by whom.
- A definition and timescale for when cleaning should be undertaken Thrice Daily, as indicated within the departmental cleaning routine document, should be established and included in the Cleaning Methods document alongside the other cleaning frequencies. Alternatively if this is not happening then reference to this frequency should be removed to avoid doubt.
- The departmental spreadsheet document, which is used to calculate the annual invoice cost to parishes for dog waste bin collections, needs to be continued to be updated until all the outstanding issues highlighted have been resolved.
- The current Lone Working Code of Practice needs to be reviewed to ensure it is in line with current legislation and guidance. Any changes to the document need to be made clear to all relevant officers, and ideally there should be a record that officers have been made aware of the changes from a particular date.

Other Points to Note

- The auditor gained access to some of the complaints/queries regarding litter picking, toilets and dog waste. There were very few complaints raised regarding the poor quality of the streets, the toilet facilities on offer, and dog fouling within

the borough.
- In fact, within the complaints/queries seen by the auditor, there were more comments praising the POS Team for:
    - o the help provided to residents and visitors to the borough;
    - o swift action to deal with queries into the team; and
    - o providing relevant information to answer a query in a timely manner.
- Improvements are being made by the new POS Operations Manager to ensure that concerns regarding Lone Workers, especially within the Northern Area, are in the process of being addressed by updating the current processes and procedures.

Emergency Planning & Management - Executive Summary

Our Assurance Opinion: Reasonable	
No. of Assurances Over Control Areas	No. of Recommendations &

Reviewed					Priorities			
Substantial	Reasonable	Limited	No	Total	High	Medium	Low	Total
2	3	0	0	5	0	2	1	3

Overall Objective and System Background

An internal audit of Emergency Planning and Management was last conducted as part of the 2017/18 audit plan, with an overall opinion of full assurance. The objective of this audit was to gain assurance about controls to ensure that in the event of a civil emergency, the Council can deliver its role as a Category 1 responder, under the Civil Contingencies Act, 2004. Furthermore, has there been any areas identified because of the Covid-19 pandemic, and if so, have any lessons learned been implemented?

Emergency planning and management is a systematic and ongoing process, preparing organisations for the response to, and recovery from, emergencies. Local Authorities are "Category 1" responders under the Civil Contingencies Act 2004. The Act requires Category 1 responders to maintain plans for preventing emergencies; reducing, controlling, or mitigating the effects of emergencies in both the response and recovery phases; and taking other action in the event of emergencies.

The Regulations require plans to contain a procedure for determining whether an emergency has occurred; provision for training key staff; and provision for exercising the plan to ensure it is effective. Procedures should also be put in place to ensure that the plan is reviewed periodically and kept up to date.

Category 1 responders must have regard to risk assessments when deciding which plans are required and when developing and reviewing the contents of them.

Summary of Key Control Issues and Risks

The key control issues *(and risks)* identified in the audit are:

- There is a risk that appropriate cover may not be in place to initiate a response to "no notice" emergency events outside of normal working hours in a timely manner.
- Senior personnel should support the assimilation of lessons learned. The Covid-19 response review has not formally been considered by senior personnel and no action plans have been set for implementation of recommended actions resulting in potential key lessons learned being missed.

Summary of Key Recommendations

There were no high priority recommendations raised during this audit.

A total of two medium priority recommendations have been raised as follows:
- Consider a formal "out of hours" standby cover of Emergency Planning & Management.

- Gold Group or Management Team to review the debrief document for the Covid-19 pandemic emergency and develop an action plan to implement the recommendations made, including details of responsible officers and target dates. The Gold Group or Management Team should monitor the progress of the action plan.

A total of one low priority recommendations have been raised as follows:
- Consider a review of the PESAG Terms of Reference.

Council Tax & NNDR - Executive Summary

Our Assurance Opinion: REASONABLE								
No. of Assurances Over Control Areas Reviewed					No. of Recommendations & Priorities			
Substantial	Reasonable	Limited	No	Total	High	Medium	Low	Total

3	3	0	0	6	0	1	9	10

Overall Objective and System Background

The internal audit of Council Tax and National Non-Domestic Rates was last conducted as part of the 2017/18 audit plan and received an overall opinion of full assurance.

As part of the Internal Audit Plan for 2021-2022, an audit has been undertaken to gain assurance that key controls are in place to ensure the accurate and timely assessment and collection of Council Tax and National Non-Domestic Rates. Furthermore, that any relevant discounts/exemptions are being applied appropriately and that relevant controls are in place to ensure the security of the records and personal information that is held, which conforms to the Data Protection Act 2018.

The billing of Council Tax and National Non-Domestic Rates (Business Rates) is administered by the Revenues Department using Civica software.

Summary of Key Control Issues and Risks

The key control issues *(and risks)* identified in the audit are:

- Insufficient levels of reconciliation being undertaken
  - Risk: Resulting in systematic failing to identify errors and flaws in the accurate payment and collection of Council Tax, NNDR and any relevant reliefs, discounts, exemptions and other awards.
  - Risk: Subsidy award implications due to increased levels of local authority error reducing subsidy awards to the Council
- A lack of segregation in duties
  - Risk: Results in collusion or internal abuse of system controls resulting in inaccurate billing of Council Tax and NNDR liabilities.
- Discounts, disregards, exemptions, reliefs may be being awarded for Council Tax and NNDR where they should not be awarded where evidence is not provided to support eligibility.
  - Risk: The administration of Council Tax and NNDR is more susceptible to fraud/error and abuse.
  - Risk: Resulting in inaccurate billing of Council Tax and NNDR liabilities.
- No procedure note in place for the purposes of refund authorisation:
  - Risk: Refunds for council tax and NNDR accounts are more susceptible to fraud / error
  - Risk: Resulting in inaccurate billing of Council Tax and NNDR liabilities.
- Insufficient information recorded (such as bank details) on customer accounts eligible for refunds.
  - Risk: Causing delay in the refund authorisation process.
  - Risk: Refund process may be susceptible to internal abuse without a clear way of verifying bank account details before the authorisation and issuing of refunds
- A lack of access to available tools/information that may assist in tracing debtors/absconders.
  - Risk: Ineffective recovery actions

Summary of Key Recommendations

There were no high priority recommendations highlighted during this audit.

1 medium priority recommendation has been raised as follows;
1. NNDR VOA schedule reconciliations to be checked by another officer to confirm reconciliations have been undertaken accurately and to ensure appropriate segregation of duties.

A total of nine low priority recommendations have been raised as follows;
1. The Training Procedure Notes (last reviewed in 2013) should be reviewed and updated. Procedure notes for NNDR VOA Schedules should reflect the transitional adjustments to be applied and should also include a version history and a date for next review.
2. **Good Practice –** Evidence should be obtained and recorded on the system to support any Council Tax exemptions, discounts, disregards, or other reductions applied where able to gather this evidence, or a diary note should be made against the account providing details of where the evidence is held (i.e., if it is held on another account/previous account) or to explain that evidence was sought but was unavailable/not provided.
3. **Good Practice -** Reviews should be considered for all Council Tax Exemptions, Discounts, Disregards, and other reductions where there has been no prior review in the last 5 years, in particular those with financial implications on the liability payable.
4. **Good Practice -** Evidence should be obtained and recorded on the system to support any NNDR exemptions, reliefs, or other reductions applied where able to gather this evidence, or a diary note should be made against the account providing details of where the evidence is held (i.e., if it is held on another account/previous account) or to explain that evidence was sought but was unavailable/not provided.
5. **Good Practice -** Reviews should be considered for all NNDR Exemptions, Reliefs, and other reductions where there has been no prior review in the last 5 years, in particular those with financial implications on the liability payable.
6. A Procedure note should be created detailing what actions should be taken as part of the authorisation process for Council Tax and NNDR refunds.
7. **Good Practice –** For the purposes of authorising refunds, efforts to be made to ensure bank details used for the processing of refunds are recorded against the account being refunded (or a clear note of where the bank details are held if elsewhere).
8. Revenues Team Leaders should monitor arrears accounts that have been in an inhibited state for more than 6 months.
9. Revenues Officers to be granted access to the National Anti-Fraud Network website under the Councils subscription, to be able to conduct various types of financial tracing searches that are available for the purposes of assessment and collection of Council Tax and NNDR debts.

Policies - Executive Summary

Our Assurance Opinion: REASONABLE			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	4	6	10

Overall Objective and System Background

As part of the Internal Audit Plan for 2021/22, an audit has been undertaken to gain assurance that the Council has appropriate policies in place, which have been compiled in accordance with the Council's Guidelines on Policy Development and Policy Template, and that policies have been appropriately authorised and approved, are subject to regular review and are monitored to ensure compliance.

The Council has a wide range of policies which are in place to support decision making in delivery of services and in the governance and administration of the organisation. Executive Directors have agreed that the Council's policies are divided into four tiers, dependent upon their importance:
- Tier 1 – Key Council policies, such as legal or corporate policies essential for the Council to have; these are required to have Cabinet and potentially Council approval.
- Tier 2 – operational policies.
- Tier 3 – procedures and plans.
- Tier 4 – external policies.

The Council has issued policy guidelines and a policy template which aim to ensure that there is a level of consistency in the style and layout of policies and that there is a consistent and clear approach to policy development, approval, consultation and dissemination. The policy guidelines and template aim to:
- Standardise policy format;
- Clarify processes for submitting new policies and revising existing ones;
- Ensure all policies are created or updated in accordance with the guidelines and formatted in accordance with the policy template;
- Ensure all policies are current and relevant;
- Ensure version control;
- Develop and maintain a central register for all corporate policies;
- Give officers and Members access to the most up-to-date policies through InSite and, where appropriate, to members of the public on the Council's website.

Council policies are held centrally on InSite under "Corporate Documents". Policies can be accessed by officers and Members under the relevant tier.

Summary of Key Control Issues and Risks

The key control issues *(and risks)* identified in the audit are:

- Not all policies are held centrally within the corporate index of policies. There are some policies which are held on CiphrNet and on the Council's website which are not on InSite. *Risk that policies are not regularly reviewed if they are not held centrally; risk that officers and Members are not aware of all corporate policies.*
- Lack of evidence that all Tier 1 policies have been through the prescribed approval process and approved by Cabinet. *Risk that unapproved policies are*

published.

- Lack of evidence of policies being subject to regular review. *Risk that policies are out of date and not fit for purpose.*
- The majority of Tier 1 and Tier 2 policies do not comply with the Council's Policy Guidelines and Policy Template or comply with best practice guidance. *Risk that policies are ineffective and not fit for purpose.*

Summary of Key Recommendations

A total of four Medium priority recommendations have been made:

- All policies should be held centrally within one corporate index of policies.
- All policies should go through the prescribed approval process in accordance with the Policy Guidelines. All Tier 1 policies should be approved by Cabinet.
- All policies should be subject to regular review; each policy should state frequency of review and have a review date; policies should be regularly monitored to confirm their currency.
- All policies should comply with the Council's Policy Guidelines and Policy Template, and with best practice guidance.

A total of six Low priority recommendations have been made:

- Tier 1 and Tier 2 policies should be reviewed to ensure that they are in the appropriate category.
- Corporate policies should be publicised to officers and Members when they are issued.
- The Policy Guidelines and Policy Template should be updated so that they comply with best practice guidance.
- Policies should include a Monitoring Statement setting out the process for monitoring compliance with the policy.
- The effectiveness of each policy should be monitored to ensure that the objectives of the policy are being met.
- The Disciplinary & Dismissal Policy should state that non-compliance with Council policies constitutes a disciplinary offence.

Summary of Agreed Actions

The draft report was discussed with the Policy Officer who agreed with the findings and recommendations arising from the report. The Policy Officer was appointed in January 2022 and has taken on responsibility for the management of the corporate policies within the Council. The Policy Officer has experience of managing policies in her previous job and has a number of ideas as to how the current system can be enhanced. These include:

- Introducing a Quality Management Procedure setting out the process for formulating new policies, making changes to existing policies and reviewing policies to ensure they remain up to date;

- Agreeing those policies which should actually be Tier 1/2/3/4;
- Ensuring all corporate policies are held centrally;
- Tightening up the process for conducting Equality Impact Assessments of policies;
- Publicising policies to ensure that staff are aware of new policies or where an existing policy has been changed;
- Ensuring staff understand changes made to key policies (such as Safeguarding and Equality) and require them to confirm their understanding;
- Introducing a Masterfile / Database of key policies so that the Policy Officer holds an up to date copy of every Tier 1/2/3/4 policy;
- Clarification as to what a policy actually is, thereby differentiating it from a procedural document.

The Policy Officer is to prepare a plan outlining the above points and incorporating the Internal Audit report's recommendations, discuss this with the Assistant Director Central Services to obtain her approval, before then implementing the agreed actions. The due date for the implementation of the recommendations arising from the report is 31st December 2022.

Financial Management Systems - Executive Summary

Our Assurance Opinion: REASONABLE			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	1	3	4

Overall Objective and System Background
As part of the Internal Audit Plan for 2020-2021, an audit has been undertaken to establish a high-level overview to gain assurance that the appropriate governance

mechanisms, processes and procedures are in place following the implementation of the new finance system. The Financial Management Systems were last audited in 2015/16 and received a Full Assurance rating. The Internal Audit Risk Rating for the subject was high.

The Financial Management System is maintained by Financial Services and will cover four bodies:
1. BCKLWN
2. Alive West Norfolk – Wholly owned Local Authority Trading Company (LATC)
3. West Norfolk Housing (WNH) – Wholly owned LATC
4. West Norfolk Property (WNP) – Wholly owned LATC

The financial package used is Unit 4 – Unit4 Business World UBW v7. The system came into effect from 1st April 2020 and replaced the previous system e5/CedAr/QSP/Financial System v5.4 which had been the council's General Ledger for a number of years. Unit 4 is updated on an ongoing basis via updates in various software releases.

Unit 4 has three systems, one is a Live system and the other two are Test systems (ACPT and PREV)

The overall objective of the audit was to gain assurance that the appropriate governance mechanisms, processes and procedures are in place following the implementation of the new finance system.

Summary of Key Control Issues and Risks

The key control issues *(and risks)* identified in the audit are:

- Training booklets and other training aides need to be updated from their original versions.
- The finance officers involved in the various training areas were identified by responsible officers and included at the relevant training days.
- Training for officers outside of finance was originally meant to be conducted prior to Go Live, but as a result of the pandemic and changing working arrangements this was not feasible in the way envisaged.
  - Risk: Training documentation provided to users may not mirror the information within the BCKLWN system, resulting in officers being unsure how to undertake day-to-day operations.
  - Risk: Finance staff resources are being stretched on a continuous basis to deal with queries from other departments.

Summary of Key Recommendations

A total of one medium priority recommendation has been raised covering three points as follows;
- Training documentation should be reviewed to ensure it reflects what the user is able to see/access on the system as it is now, rather than how it was originally viewed.
- Training should be completed on a needs-based priority system. Initially refresher training for finance officers and then offered to other non-finance officers who regularly use the system.
- Training could take the form of E-learning or Virtual Training via Teams, Zoom

or similar application.

A total of three low priority recommendations have been raised as follows;

- Review the method of requesting any new codes for the system. The request should be made via a consistent method and ideally capturing consistent information.
- Review the process for ICT Starter Forms to include relevant information being passed to Finance officers where required.
- Finance to be included within communication between ICT and Personnel regarding leavers to the authority.

Other Points to Note

- There is an ongoing review of user numbers on the Unit 4 finance system. The council have been informed that it has overused the number of Professional User Licences as per the original contract after an audit of the system by the provider.
- The Senior Internal Auditor has been involved in this review and the outcomes currently are that the council have agreed to a settlement of circa £69,000, compared to an original figure requested by the supplier of £208,000, for the overuse of Professional User Licences. The council have also agreed to amend the contract to cover 250 Full-Time Equivalent (FTE) employees, of which there can only be 10% (25 FTE's) concurrent users. Another condition agreed to is the limit of 1,250 transactions per day.
- Audit believes there is more work to understand the impact of usage limitations, and whether any financial implications for exceeding these limits have been fully explained and understood (e.g. number of transactions, and number of concurrent users at any one time). The result of the review may impact upon the authorisation levels if the council has to limit the number of officers who have the ability to authorise.
- The Group Accountant can now access a report that allows them to monitor which users are logged in and logged out at any time. Other separate reports allows them to see the user numbers, transaction numbers and Purchase Order numbers to compare against the numbers outlined in the Fair Use policy. We are currently operating within the terms of the agreement.

Benefits - Executive Summary

Our Assurance Opinion: REASONABLE								
No. of Assurances Over Control Areas Reviewed					No. of Recommendations & Priorities			
Substantial	Reasonable	Limited	No	Total	High	Medium	Low	Total
6	2	0	0	8	0	2	1	3

Overall Objective and System Background
The internal audit of Benefits was last conducted as part of the 2017/18 audit plan and received an overall opinion of full assurance.

The overall objective of the audit was to gain assurance that key controls are in place to ensure the accurate and timely payment of Housing Benefit that has been validly applied for. Furthermore, that relevant controls are in place to ensure the security of the records and personal information that is held, which conforms to the Data Protection Act 2018.

Housing Benefit and Council Tax Support are administered by the Benefits Department using Civica software.

Summary of Key Control Issues and Risks

The key control issues *(and risks)* identified in the audit are:

- Knowledge/Skills not transferred to other team members or appropriate succession planning.
  - Resulting in an inability to perform certain tasks that are being carried out currently
  - Resulting in less efficient performance and less effective recovery of overpayments.

- There is a risk that unauthorised access to systems and records could be given through ineffective controls being in place.
  - This could lead to potential Data Protection breaches through the loss/corruption or theft of personal data from system records.
  - Reputational damage to the council through the loss/corruption or theft of personal data from system records.

Summary of Key Recommendations

There were no high priority recommendations raised during this audit:

A total of two medium priority recommendations have been raised as follows:
- Appropriate knowledge needs to be transferred to the team for areas of work that are currently only being undertaken by the Subsidy Appeals and Overpayments Officer and accompanying procedure notes produced to ensure business continuity.
- Review current system access and ensure that all users and access levels are relevant/authorised. Where no staff members can be identified these user accounts should be disabled. And then annual reviews thereafter.

A total of one low priority recommendations have been raised as follows:

- Overpayments Officers to be granted access to the National Anti-Fraud Network website under the Councils subscription, to be able to conduct various types of financial tracing searches that are available for the purposes of assessment and collection of Housing Benefit and Council Tax Support overpayments/excess reductions.

Alive West Norfolk - Executive Summary

Our Assurance Opinion: LIMITED			
No. of Recommendations & Priorities			
High	Medium	Low	Total
2	1	3	6

Overall Objective and System Background
The overall objective of the audit is to gain assurance that there are sufficient processes and procedures in place to enable Alive West Norfolk (AWN) to function effectively and efficiently. Appropriate reporting mechanisms are in place to

communicate AWN performance information to BCKLWN Cabinet when required. This is a new audit subject, although a recent review of the governance arrangements was undertaken by Internal Audit in August 2020 and received a Substantial Assurance rating. The Internal Audit Risk Rating for this subject has been deemed high.

Alive West Norfolk (AWN) is a Local Authority Trading Company wholly owned by the Borough Council of King's Lynn and West Norfolk (BCKLWN). Formed in July 2019 for the purpose of overseeing Leisure and Cultural Services in West Norfolk. AWN operate:

- Alive Lynnsport
- Alive Downham
- Alive St James
- Alive Oasis
- Alive Corn Exchange
- Alive Stories of Lynn
- Alive Active Community and Events
- Alive Town Hall
- Guild Hall Arts Centre
- Fairstead and South Lynn Community Centres
- Tourist Information Centres

The AWN Senior Management Team consists of Managing Director (Neil Gromett), Head of Performance and Development (Tommy Goode), Head of Arts and Entertainment (Phillip Bayfield) and Head of Leisure (Siobhan Cleeve).

The Senior Management Team are supported by a Management Team, and an Extended Management Team consisting of various AWN officers.

The AWN Senior Management Team provide annual updates to the Environment and Community Panel based on a series of KPI's established by AWN and BCKLWN within the current Management Agreement, dated 1st July 2019. AWN also report additional information within these meetings.

The following grant monies were claimed and received by AWN venues in relation to the Covid-19 pandemic.

Furlough: £981,562.99 Total
Received 20/21 - £891,319.72
Received 21/22 - £90,243.27
Business Grants: £210,427.15 Total
Received 20/21 - £120,427.15
Received 21/22 - £90,000

Culture Recovery Grant: £309,721 Total
Received 20/21 - £222,921
Received 21/22 - £86,800

Leisure Recovery Grant: £364,686 Total

Grand Total: £1,866,397.14

Data from Draft Statement of Accounts 2020/21 as per BCKLWN website dated 11/03/22
Group Comprehensive Income and Expenditure Statement (page 122)

2019/20 (Restated)
Gross Spend – 4,336,000
Gross Income – (4,188,000)
Net Spend – 148,000

2020/21
Gross Spend – 2,934,000
Gross Income – (2,015,000)
Net Spend – 919,000

Summary of Key Control Issues and Risks

The key control issues *(and risks)* identified in the audit are:

- There are no SLA's in place between BCKLWN and AWN.
  - Risk: The previous Coastshare arrangements have been declared invalid by HMRC, although this document has not been used by AWN due to concerns about it's accuracy, and historical documents may not reflect the current arrangements between the organisations.
- KPI's mentioned within the Management Agreement are quite specific to AWN venues, and not to the different service areas within the SLA's.
  - Risk: There is no ability to determine whether the services included in each SLA are delivered effectively for either party, and whether the services are providing value for money.
- After viewing both the Management Agreement document between BCKLWN and AWN, and the historical SLA's between the parties, the exact fees and charges to be invoiced are unclear.
  - Risk: Fixed and Additional costs are not being invoiced correctly, resulting in inaccurate income/expenditure reporting.
  - Risk: Invoices are being raised, and paid, without documented evidence of costs.
  - Risk: Budget/Actual figures may not be accurately reflected in officer reports to management.

Summary of Key Recommendations

A total of two high priority recommendations have been raised as follows;
- A suite of new SLA's should be developed for the relevant Service Areas included in the previous SLA. These need to be developed at the earliest possible opportunity.

  A new agreed set of KPI's should be produced for each Service Area within the SLA, to ensure the service is being provided efficiently and effectively for

both parties. The KPI's should be monitored and reported appropriately to the AWN Board, and a relevant council body if required.

- Responsible officers from finance and AWN to consider the SLA fees and charges going forward, with a view to amending these to the appropriate values.

There is mention within the Financial SLA of additional costs should senior financial officers need to be involved in accounting queries. This cost should ideally be an hourly rate for the services provided, agreed by both parties prior to work commencing.

The financial budgets should be amended and reflect actual, and agreed, costs rather than expected costs.

A total of one medium priority recommendation has been raised as follows;
- When the Management Agreement is next due for review, consider if it is appropriate for member involvement in decisions of AWN.

A total of three low priority recommendations have been raised as follows;
- Review the process of chasing outstanding monies owed to AWN to understand whether there is a duplication of work, and whether the additional chasing of payment of the finance officer is resulting in sufficient payments being made to justify this part of the process, or just delaying a decision being made to remove the debt from the system.
- Whilst the ICT policies are currently being reviewed, a paragraph within the ICT Policy/Example User Form similar to that included in Anti-Fraud and Anti-Corruption Policy, Anti-Money Laundering Policy and Whistleblowing policies where reference is made to LATC's or wholly owned subsidiaries should result in the inclusion of the officers within all ICT policies, without the need for additional documentation to be signed.
- A fixed agreement to secure the booking officer for a fixed period of time should be reviewed. This would enable the Corn Exchange to maximise the benefit received from the booking officer, with the knowledge that the costs of the service will not increase in the short-term, ensuring future financial estimates to be as accurate as possible.

Other Points to Note
- The council recognised that the governance arrangements currently in place for LATC's could be improved and has sought external advice to address this potential issue. Once the external advice has been received, the appropriate arrangements for the governance and council communication with the LATC's will then be in place.
- Historical SLA's do include details regarding what is expected of each party within the agreement which could be used as a basis for a new SLA.

- Historical SLA's also include a variety of KPI's which could again form the basis of KPI's for each Service Area in a new agreement.
- AWN venues were, and still are, aware of what was required of them as a result of the COVID pandemic. Recovery Plans and information were disseminated to staff and the public to keep everyone informed as much as possible.
- AWN venues also have plans/financial forecasts to ensure any "return to normal" plans are realistic and achievable.
- AWN venues applied for and received as much grant funding from central government to aid in the financial impact of the pandemic, with a total of circa £1.9 million claimed through a variety of grants on offer.

ICT Disaster Recovery - Executive Summary

Our Assurance Opinion: REASONABLE			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	5	6	11

Overall Objective and System Background
The overall objective of the audit was to gain assurance that the Council has robust arrangements in place for the disaster recovery of its key IT systems and data, so

that in the event of a service interruption, essential services will be maintained, and normal services restored as soon as possible.

The Council has a number of business continuity/disaster recovery policies and procedures in place:
- Business Continuity Management (BCM) Policy Statement & Strategy sets out the Council's policy and strategy regarding BCM;
- Business Continuity Threat Cards detail the main threats to the continuation of the Authority's services and activities, which have been identified in reference to the Corporate Risk Register.
- Critical Activity Bronze Level BC Team Plans – Business Impact Analysis is undertaken which identifies those services which protect life and safety or are considered essential to support such activity and are considered critical to restore and deliver services in the event of a disruption or emergency. These are termed "critical activities" and their identification means that if a disruption occurs the response will focus resources to these services first. Detailed plans are in place to ensure that these services are restored within 24 hours.
- BCM Incident Response Plan outlines the process to be followed in managing a business continuity incident.
- Business Continuity Corporate Officer Group supports the nominated Executive Director in having effective BCM arrangements in place.
- ICT Disaster Recovery Plan (DRP) – Guide to Site Emergency Response Actions – details emergency response tasks, recovery tasks, ICT DR tasks and assignments, key internal and external contacts, and skills matrix.

ICT have a BCP Bronze Level Plan for each of their three teams – Business Systems, Technical Services/Network and the Web Team. These detail the identified threats and plans in place, staff and IT requirements, and key data required in the event of an emergency. The BCP Loss of ICT Threat Card lists the potential threats, the steps that should be taken, key issues to consider, and those Council activities which may be affected.

The Corporate Risk Register (CRR) lists the following risks relating to BC/DR:
- Loss of staff and loss of King's Court;
- Loss of one or more servers due to power failure, fire or mechanical failure;
- Failure of backups leading to a loss of data.

Mitigations are in place and progress made in enhancing controls are recorded in the CRR.

Three separate back-up systems are operated:
- King's Lynn Depot - primary disk backup and secondary tape store. TSM/Tivoli is a solution provided by IBM for the daily incremental back-up of data. Data held at the Data Centre in King's Court is backed-up at the Depot in a library; this is an archive solution where the data is held incrementally, from 30 days to up to 365 days, depending upon the particular application. Back-up initially goes to disk at the Depot; another copy goes to a back-up tape ("air-gap" copy) which in the case of ransomware would not be corrupted. The old depot is currently being decommissioned and the tape backup facility is due to move to Factory Unit 1 in the next couple of months.
- Disaster Recovery Centre (DRC) at Fakenham – the Storage Area Network (SAN) at the Data Centre at King's Court is replicated to the SAN at the DRC.

This holds a live copy of the data, which is far quicker to restore. The SAN solution provided by Dell effectively replicates the King's Court server room facility to the DR site by daily electronic transfer via dedicated cable to the Fakenham Connect building which is shared with North Norfolk District Council (NNDC) who lease the property from Norfolk County Council.

- VMWare Server Backup & Replication – replication of the data is held at the DRC for five days. VMWare are virtual servers; they are a snap-shot of each server. This provides a further level of resilience in the event of a disaster occurring.

There is an automatic back-up of systems. For all three back-up systems, ICT staff check to ensure that each one has been backed up correctly. All systems are backed up every night, between 18:00 and 05:00. A series of automated reports are run each morning; these are checked for any errors which are then fixed. An audit trail is maintained in the form of a daily report listing the time the back-ups were started and the time they finished and identifying any which did not run.

The METIS 19 exercise included elements of disaster recovery and a number of infrastructure recommendations were raised as part of lessons learned. The recommendations remain untested; however, a further METIS exercise to test the disaster recovery plan against a cyber-attack scenario took place on 28th April 2022.

Summary of Key Control Issues and Risks

The key control issues (*and risks*) identified in the audit are:

- ICT do not have a DR Test Plan. A DR Test Plan would highlight, based upon risk, which procedures require to be tested on an ongoing basis to provide assurance over the DR process in different scenarios; for example, if a server or telephony were to go down. *Risk that the DRP is not tested on an ongoing basis for robustness, resulting in the DR arrangements failing if a disaster event occurs.*
- The key to the server room at the Disaster Recovery Centre (DRC) in Fakenham is usually kept in Reception when not in use. However, on the day of the audit visit to the DRC, it was observed that the key had been left in the door lock to the server room. *Risk of unauthorised access to the server room at the DRC.*
- The new backup facility at Factory Unit 1 does not have a CCTV camera installed, is not included within the onsite internal intruder alarm system, and does not have fire detection and suppression devices in place. *Risk of fire and smoke damage to backup tapes.*
- ICT staff cannot access the backup room at Factory Unit 1 out of hours. *Risk of ICT not being able to access the backup facility in the event of an adverse incident occurring.*
- An Access Log is not maintained recording who has accessed the backup room at Factory Unit 1, when and why. *Risk of unauthorised access to the backup room.*

Summary of Key Recommendations

Five Medium priority recommendations have been made:

- ICT should compile a DR Test Plan which should detail those procedures, based upon an assessment of risk, which should be tested on an ongoing basis to provide assurance over the DR process in different scenarios.
- It should be ensured that the key to the server room at the DRC at Fakenham is held at Reception when not in use. Consideration should be given to fitting a key-coded lock to the server room.
- The new backup room at Factory Unit 1 should have a CCTV camera fitted, be included within the onsite internal intruder alarm system, and have fire detection and suppression devices in place.
- The ICT Team should be able to access the new backup facility at Factory Unit 1 out of hours.
- An Access Log should be maintained recording who has entered the backup facility at Factory Unit 1, when and the reason why. Visitors to the back-up room, including maintenance engineers, should be accompanied.

A total of six Low priority recommendations were made:

- The Bronze Level ICT Business Systems BCP Plan should be correctly dated and state the correct review date.
- The Loss of ICT Threat Card should state the frequency of review and give the date of its next review.
- The ICT DRP should detail the Council's DR aims and objectives, the purpose of the DRP, its mission statement, how the DRP links in with the BCP, and list those associated policies and procedures which staff may need to refer to if a disaster event occurs.
- The ICT DRP should be subject to regular review. It should state the date it was last reviewed, the frequency of review and when it is next due for review.
- Section 6 - Key Data, in the ICT Technical Services/Network Bronze Plan, should be updated to make reference to the data being held in the DR Channel on the DR drive in Teams.
- The procedural documentation held on the Disaster Recovery Channel on the DR drive in Teams, accessible to the ICT Team, should be reviewed and updated, where appropriate.

Summary of Agreed Actions

ICT Management have agreed to implement the following actions:

- A DR Test Plan to be drafted based upon a range of potential DR scenarios.
- The Network Manager has requested that NNDC Estates fit a key-coded lock on the computer room door at Fakenham Connect.
- A key to Factory Unit 1 is now held in the Data Centre at King's Court.
- The Technical Services Manager is to organise the provision of CCTV, an intruder alarm and fire detection/suppression devices in the backup room at Factory Unit 1.
- An Access Log has been set up at the new backup room at Factory Unit 1.
- The Bronze ICT Business Systems BCP Plan, the ICT Technical

Services/Network Bronze Plan and the Loss of ICT Threat Card have been updated on the DR Channel on Teams.

- The ICT DRP is to be reviewed and updated before then being uploaded to the DR Channel on Teams.
- The ICT Manager is to review and update the documents held on the DR Channel on Teams.

Licensing - Executive Summary

Our Assurance Opinion: SUBSTANTIAL			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	0	2	2

Overall Objective and System Background
The overall objective of the audit is to gain assurance that activities within the Licensing Department are documented appropriately in line with current legislation and regulations. During initial discussions with the Senior Licensing Officer the auditor was made aware of concerns regarding dog breeding licences, and as such

the audit was more focused on this aspect of Licensing.

The last review of Licensing was undertaken in 2016/17 and focused on Food Hygiene, Health and Safety and Public Health with a Substantial Assurance.

Within the council's Corporate Business Plan there are 6 priorities and objectives. Priority Number 5 states the following:

Five - Creating and maintaining good quality places that make a positive difference to people's lives.
   The objectives are to:
- protect, promote and enhance the borough's natural and built environment
- maintain accessible, clean, pleasant and safe public places and communities

The current licenses granted by the council cover a variety of areas, with approximately 4,000 licenses currently being granted by the council overall.

   The licenses granted cover the following areas:
- Personal Licenses;
- Premises Licenses;
- Taxi, Private Hire/Operator and Hackney carriage Licenses;
- Temporary Event Notices;
- Street Collections (including Charities);
- Lotteries;
- Caravans;
- Gaming Licenses (including Adult Gaming);
- Club Licenses;
- House to House collections Licenses;
- Zoo Licenses;
- Animal Welfare Licenses;
- Scrap Metal Dealers Licenses (overseen by Environmental Quality);
- Exhibition of Animals Licenses;
- Betting Premises (including Bingo) Licenses;
- Dangerous Wild Animal Licenses;
- Special Event Vehicle Licenses;
- Family Entertainment Licenses; and
- Sexual Entertainment Venue Licenses.

During the course of the audit the following licenses were tested:-

Service Requests - 5 off sampled out of 10-15 per month usually;
Personal Licences – 5 off sampled out of 462 current licences;
Private Licences – 5 off sampled out of 292 current licences;
Taxi Licences – 5 off sampled out of 221 current licences;
Private Hire Vehicles – 5 off sampled out of 132 current licences;
Hackney Carriages – 5 off sampled out of 87 current licences;
Temporary Event Notices (TENS) – 5 off sampled out of 28 current licences;
Streets – 1 off sampled out of 6 current licences;
Miscellaneous – 20 off sampled out of 512 current licences;
Change of Licence Details – 20 off sampled out of 445 current listing; and
New Animal Welfare Licences – 10 off sampled out of 150 current licences.

Summary of Key Control Issues and Risks

There are no key control issues or risks that we have identified within the audit, however there are some minor control issues and risks that have been identified.

- There is a concern, which has been raised by all officers within the licensing team regarding the amount of unlicensed dog breeding happening currently. There are a lot of adverts on Facebook, Gumtree, Preloved and Pets for Homes and the problem is that there are so many of these adverts that there is insufficient time and resource to be able to dedicate to even start to keep this under control and reduce the amount of unlicensed pet trade.
- As the main Business Test is that an individual or is likely to receive over £1000 income when selling their animals should be licences/registered then in the case of puppy sales this limit is likely to be breached with just one puppy.
- Income made from dog breeding sales can be taxed.
- Where the P/t Licensing Officer has been alerted to someone unlicensed and name and address either provided or sourced via data requests, they will send out a standard letter. 80% of letters sent out are not responded to.
- Officers have an online register that informs them, and other organisations when shared, the area the breeder is in, and officers can block adverts on Social Media platforms by contacting organisation. There have been 71 adverts blocked within last 2 months (May & June 2021) by officers.
  - Risk: Reputational damage if council perceived not to be making reasonable attempts to reduce unlicensed dog breeders, and other pet sales.
  - Risk: Loss of income for the council on licence fees, as well as the VAT that would be due.
- The Licensing Officer would like to see a registration of breeders who have had litters each year, as some individuals may claim that they are not going to have any further litters and that their pet has been spayed, and then the next year they may be found to be advertising on the various sites again. It would be a way of being sensible but lenient about one off sellers where a licence moving forward would not be relevant but data consistent with relevant enforcement.
- Where a seller is believed to be unlicensed, the Licensing Team will escalate the case accordingly, and this can include up to Prosecution.
  - Risk: Reputational damage if council are perceived to be aware of breeders, licensed or not, in breach of legislation by having more litters than allowed.

Summary of Key Recommendations

No high or medium priority recommendations have been raised within the report.

A total of two low priority recommendations have been raised as follows;
- All complaints received by the authority should be documented and included within the DMS system.
- Consider a review of the staffing numbers within the department and see if there is a business case to be made for an additional member(s) to help with the process of contacting unlicensed dog breeders.

Other Points to Note
- Even though Licensing is a very legislative driven area, and the information required for licences is quite prescriptive, it has to be managed appropriately to ensure legislation is adhered to.   - The fact that the audit only has one Low priority recommendation shows the level of assurance provided within the Service Area.   - The Service Area is considering producing a registration of breeders who have had litters each year, as some individuals may claim that they are not going to have any further litters and that their pet has been spayed, and then the next year they may be found to be advertising on the various sites again. This information could help towards a potential prosecution if the case were to go that far. As suggested by the Licensing Officer this would be a way of being sensible but lenient about one off sellers where a licence moving forward would not be relevant but data consistent with relevant enforcement.   - The co-operation of all the licensing officers within this audit, from availability for discussions to providing timely information, has helped towards completion of the audit.

Financial Governance and Budgetary Control - Executive Summary

Our Assurance Opinion: REASONABLE			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	3	4	7

Overall Objective and System Background
As part of the Internal Audit Plan for 2021-22, an audit has been undertaken to gain assurance that robust financial governance and budgetary control processes are in place, that the budgetary framework meets statutory and regulatory requirements, that budget roles and responsibilities are defined, that budgets are effectively managed and monitored, and that timely, accurate complete and up to date budget information is provided to management on a regular basis.

The budget for 2021/22 was presented to Cabinet on 2nd February 2021 and approved by Council on 25th February 2021 in accordance with the process for approving the financial plan for 2021-2026. Since the budget was approved, the Council has continued to support the local economy as it recovers from the effects of the Covid-19 pandemic.

The Council's original budget for 2021/2022 was £21,467,800 with a contribution to the General Fund Balance of £255,390, leaving a Council financing requirement of £21,723,190. The Budget Monitoring Report for January 2022 reported that the amount that will be transferred to the General Fund Reserve balance at 31st March 2022 is £943,730, an increase from the October 2021 monitoring report of £782,630. The favourable movement from October 2021 is largely as a result of higher than budgeted income from planning fees and land charges, increase in income from trade and garden waste and recycling, reduction in insurance budget following award of new contract, and amendment of the refuse and recycling contract budget.

Summary of Key Control Issues and Risks

The key control issues (*and risks*) identified in the audit are:

- Regular budget statements have not been provided to budget holders during the past year due to Covid-19 and resourcing constraints within the Finance Team. *Risk of ineffective budget monitoring leading to budgets containing inaccurate information and financial objectives not being met.*
- Variance levels for monitoring have not been agreed. The budget monitoring reports do calculate variances, but do not currently include any parameters for highlighting variances. *Risk that significant budget variances go undetected.*
- Where a Service Accountant has agreed a budget virement with a budget holder, the budget holder is not asked to formally confirm the virement. *Risk that budget virements are made without appropriate authorisation from the relevant budget holder.*

The Financial Regulations are dated June 2018 and are overdue a review. The Financial Services Manager (FSM) is due to review the Financial Regulations in light of changes to CIPFA's Treasury Management Code, the Prudential Code and the implementation of IFRS 16. The FSM will endeavour to do this as soon as practicable but no later than 30th September 2022. The review will also ensure that the Financial Regulations reflect current roles and responsibilities within the Finance Team.

The Finance Team plan to enhance their controls regarding the regular reconciliation of budgets and the process for approving new users of the system and amendments to current users by introducing the following:

- A monthly reconciliation that demonstrates that the original and revised budget reconcile to the approved budget and authorised amendments as per the Monitoring Report.
- A standard form for completion and authorisation in respect of new users and amendments to existing users.

The FSM is endeavouring to undertake such a reconciliation on a monthly basis with effect from the end of Q1 2022/23. The FSM has drafted a timetable for monthly budget reconciliations for reporting to the Officer Major Projects Board and to relevant Committees; it just needs to be updated with dates of Committee meetings.

A monthly engagement and reporting process will be introduced evidencing the Finance Monitoring Team's dialogue with Service Managers. In those cases where a budget is off-key, it will enable action to be taken on a timely basis and closer monitoring of the budget; if no problems are reported with a budget, then it would only be necessary to meet with the budget manager on a quarterly basis rather than each month.

The Group Accountant has consulted with the Finance Team to identify the outputs and the reconciliations required. The FSM sees this as still a transition period where the Finance Team are seeking to make best use of UNIT4. The aim is that from 01/04/22, the Finance Team will have a task checklist that they will be required to update on a monthly basis.

There is a lack of evidence of a coherent and structured training programme being provided to budget holders. As part of the Financial Management System internal audit review, the Financial Services Manager has agreed to provide a training programme to Financial Officers, budget holders and non-Finance users. The Budget Monitoring Finance Officers and the Group Accountant will provide the training to budget holders.

Summary of Key Recommendations

A total of three Medium priority recommendations have been made:

- Budget holders should receive a budget monitoring report every month, which they should check to confirm its accuracy. Engagement between the Service Accountant and budget holder should be evidenced, with any key decisions recorded.
- Agreed variance levels for monitoring should be established at which point they are formally investigated and reported. Budget monitoring reports should include details of parameters used for highlighting variances.
- Where Finance have verbally agreed with a budget holder to undertake a virement, Finance should require the budget holder to confirm the virement via email. This should be supported by an exception report detailing budget virements made during the year.

A total of four Low priority recommendations have been made:

- Local procedure notes should be drafted relating to Unit4 detailing the budgetary control process.
- The Ground Rules for Budget Transfers should be updated to reflect the fact that a budget transfer over £500,000 is classed as a key decision and as such requires Cabinet approval, and that the Portfolio Holder now has delegated authority up to £500,000.
- The Cash Limit Rules appended to the Financial Regulations should be updated in line with the Cash Limit Rules appended to the monthly budget monitoring report so that it refers to the Financial Plan 2020-2025 and budget transfers over £500,000 being classed as a key decision.
- The Financial Regulations should be enhanced to clearly specify the roles and responsibilities of budget holders.

Summary of Agreed Actions

The draft report was discussed with the Financial Services Manager who agreed with the findings and recommendations arising from the report. The agreed actions are:

- The format of the new monthly budget monitoring report has been devised and is currently being piloted with budget holders; following this, the monitoring report will be issued to budget managers on a monthly basis. Due date – 31st July 2022.
- Budget variance levels have been agreed, above which they will be investigated. Due date – 31st July 2022.
- Where a budget virement has been agreed with a budget holder, the budget holder will be required to confirm it via email. This will be supported by an exception report detailing budget virements made during the year, which will be reviewed by the FSM. Due date – 31st July 2022.
- Local procedure notes to be drafted detailing the budgetary control process. Due date – 31st July 2022.
- The Financial Regulations are currently being reviewed. This will include updating the Ground Rules for Budget Transfers and the Cash Limit Rules, and specifying the roles and responsibilities of budget holders. The revised FRs are due to be ratified by Council in October 2022; they will then be subject to annual review.

Payroll - Executive Summary

Our Assurance Opinion: SUBSTANTIAL			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	0	2	2

Overall Objective and System Background
The overall objective of the audit was to gain assurance that payments are being made accurately to employees of the Authority and Alive West Norfolk in accordance with contractual arrangements and to assess the controls within the payroll process for accuracy and completeness. Personnel Services administers Payroll for the Borough Council and Alive West Norfolk employees, including expenses and deductions for all permanent, seasonal and temporary staff. The system used is Computers in Personnel (CIPHR) software. A total of 514 BCKLWN employees and 328 AWN employees were on the payroll in

March 2022; the net pay for BCKLWN staff and AWN staff in March 2022 was £908,672 and £230,976, respectively. The total net pay for BCKLWN staff and AWN staff for 2021/22 was £10,935,509 and £2,746,401, respectively.

Bedford Borough Council is the Authority's payroll processor, contracted to run the payroll contract. Bedford's own internal audit team audit their payroll system annually and provide a copy of the final report to the Authority. The last report, relating to 2021/22, gave Substantial Assurance, with just one recommendation, relating to the timeliness of completing the payroll control account reconciliations.

Summary of Key Control Issues and Risks

The key control issues *(and risks)* identified in the audit are:

- Checking of a sample of employees' sickness absences identified a couple of instances where the employee's line manager had notified CIPHR late as to the employee's sickness absence and/or return to work.
- The available management reports on Expenses on Demand (EoD) are not being fully utilised.

Summary of Key Recommendations

Two low priority recommendations have been raised as follows:

- A communication should be sent from Personnel to line managers reminding them that employees' sickness absence start and end dates must be entered onto CIPHR in a timely manner, so as to reduce the requirement for sick pay salary adjustments to be made.
- A communication should be issued reminding line managers of the due diligence checking procedures to be followed and the types of reporting tools available to assist in the analysis of expenses claims.

Summary of Agreed Actions

The Personnel Services Manager has agreed to implement the following by 31st August 2022:

- Direct communications are already undertaken where the sickness absence period has been left open. Monitoring reports are to be extracted from the CIPHR system in order to follow up sickness absences and escalate cases where the sickness absence management policy is not being followed.
- Monitoring/sense checking can be undertaken within the Personnel Department to check for any unusual trends in expense claims, which can then be reviewed with service areas.

Other Points to Note

Positive areas to note that are evident within the operation of the payroll system include:

- Appropriate access controls to the payroll system are in place;
- Starters details are entered correctly and checked for accuracy and completeness;
- Leavers are removed from the payroll system in a timely manner;
- Permanent amendments to the payroll are checked for accuracy and completeness;
- Payroll variations are routinely checked;
- Appropriate checks are carried out of payroll data prior to payroll processing;
- Payroll data is reconciled to budget codes in the ledger to identify any potential errors;
- Sickness absence is accurately recorded and authorised;
- When first registering onto the Expenses on Demand (EoD) system, Personnel undertake a number of checks on the claimer and their vehicle, such as checking the driving licence, MOT and insurance;
- Parameters are set for entering mileage claims on EoD;
- Claims are rejected if they exceed the three month period.