

# Eastern Internal Audit Services



**Borough Council of King’s Lynn and West Norfolk**

**Internal Audit Progress Report**

**Period Covered: 10 June 2022 to 10 November 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 in March 2022, the Annual Internal Audit Plan for the year was presented to the Audit Committee. Since this date the following change has been made to the plan.

Audit	Justification
KLWN2221 IT Governance	The IT team are currently supporting an external health check to provide assurance on security controls. We therefore propose this audit is deferred to a time when the team can support us with our audit as no significant risks have been raised in this area.

## 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 76.5 days of programmed work has been completed, resulting in 30% of the total revised Internal Audit Plan for 2022/23. Progress in 2022/23 is slightly behind due to the team finalising 2021/22 work for the majority of quarter one. However, the team made good progress in catching up during quarter two.

## 4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 Upon completion of each individual audit an assurance level is awarded using the following definitions:

<b>Substantial</b>	Based on the results of the review there is a robust series of suitably designed internal controls in place upon which the organisation relies on 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.
<b>Reasonable</b>	Based on the results of the review, there is a series of internal controls in place, however these could be strengthened to facilitate the organisations 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.

<b>Limited</b>	Based on 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.
<b>No Assurance</b>	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.

4.2 Recommendations 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.

4.3 During the period covered by the report five reports have been finalised from the 2021/22 Internal Audit Plan:

2021/22 Audit	Assurance	High	Medium	Low
Housing Standards	Reasonable	0	2	4
Waste Management Contract	Limited	2	4	0
Capital Programme	Limited	5	0	1
Food Hygiene, Health & Safety and Public Health	Substantial	0	0	3
Accounts Payable	Reasonable	0	1	4
<b>Total</b>		<b>7</b>	<b>7</b>	<b>12</b>

In addition, two reports from the 2022/23 Internal Audit Plan have now been finalised and are as follows;

2022/23 Audit	Assurance	High	Medium	Low
KLWN2206 Corporate Health and Safety	Substantial	0	0	1
KLWN2219 Corporate Business Continuity	Reasonable	0	2	7
<b>Total</b>		<b>0</b>	<b>2</b>	<b>8</b>

4.4 The Executive Summary of these reports are attached at **Appendix 2 & 3**; full copies of these reports can be provided to members upon request.

4.5 As can be seen in the tables above as a result of these audits a total of 36 recommendations have been raised and agreed by management.

## 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	
<b>Quarter 1</b>										
Corporate Health and Safety	KLWN2206	10	10	10	Final report issued on 6 October 2022.	Substantial	0	0	1	Nov-22
Business Continuity	KLWN2219	10	10	10	Final report issued on 27 September 2022.	Reasonable	0	2	7	Nov-22
IT governance	KLWN2221	10	0	0	Audit deferred.					
<b>TOTAL</b>		<b>30</b>	<b>20</b>	<b>20</b>						
<b>Quarter 2</b>										
Project Management Framework	KLWN2203	8	8	2.5	Fieldwork underway.					
Business Planning & Performance Management	KLWN2205	12	12	11	Draft report reviewed - soon to be issued.					
Procurement and Contract Management	KLWN2208	12	12	1	Scoping underway.					
Environmental Protection	KLWN2213	12	12	4	Fieldwork underway.					
ASB Community Safety	KLWN2215	10	10	4	Fieldwork underway.					
<b>TOTAL</b>		<b>54</b>	<b>54</b>	<b>22.5</b>						
<b>Quarter 3</b>										
Accounts Receivable	KLWN2209	10	10	2	Fieldwork underway.					
Income	KLWN2210	10	10	0						
Homelessness and Housing Options	KLWN2214	12	12	1	Scoping underway.					
Key Controls and Assurance	KLWN2202	15	15	1						
Economic Growth	KLWN2217	12	12	0						
<b>TOTAL</b>		<b>67</b>	<b>67</b>	<b>4</b>						
<b>Quarter 4</b>										
Software Licensing	KLWN2222	8	8	0						
Towns Fund	KLWN2216	10	12	11	Fieldwork underway.					
Cost Reduction Programme	KLWN2204	10	10	0						
Corporate Governance	KLWN2201	10	10	0						
Network Infrastructure and Security	KLWN2220	10	10	0						
Accountancy Services	KLWN2211	16	16	0						
Climate Sustainability	KLWN2218	10	10	0						
<b>TOTAL</b>		<b>74</b>	<b>76</b>	<b>11</b>						
<b>Audit Management</b>										
EIAS Audit Management inc follow up	N/A	50	50	20						
<b>TOTAL</b>		<b>50</b>	<b>50</b>	<b>20</b>						
<b>TOTAL</b>		<b>267</b>	<b>269</b>	<b>77.5</b>			0	2	8	
<b>Percentage of plan completed</b>				<b>30%</b>						

## Housing Standards - Executive Summary

Our Assurance Opinion: Reasonable			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	2	4	6

Overall Objective and System Background
<p>Housing Standards sits under the Community &amp; Partnerships Directorate. This area was last audited in 2017/18 and was given an overall assurance of Limited. The overall objective of the audit was to gain assurance that the statutory functions of the Housing Standards Department are being appropriately undertaken, in line with the latest legislation/regulations and that relevant information of those statutory functions are being appropriately communicated to relevant stakeholders. The individual objectives were to gain assurance that:</p> <ul style="list-style-type: none"> <li>• Processes and procedures are in place and subject to regular review to ensure that they remain up to date.</li> <li>• Relevant and up to date information is being provided to tenants and landlords and letting agents for the purposes of HMO inspections, Residential Caravan Sites, Licensing (inc. fees and charges)</li> <li>• Licence fees and charges are appropriately applied and recovered for Houses in Multiple Occupation (HMOs) and Residential Caravan Sites</li> <li>• Housing Health and Safety Ratings are appropriately conducted and applied to HMOs and relevant evidence is recorded to support the assessment findings.</li> <li>• Processes and procedures are in place to assist in identifying and helping to reduce overcrowding.</li> <li>• Relevant schemes are in place for the purposes of home energy conservation (i.e., Warm Homes Fund and the Energy Efficiency Project) and relevant and up to date information is accessible to consumers and members of the public who are seeking assistance.</li> <li>• Annual reporting is undertaken as required to the Department for Levelling Up, Housing and Communities.</li> </ul>

Summary of Key Control Issues and Risks
<p>The key control issues (<i>and risks</i>) identified in the audit are:</p> <ul style="list-style-type: none"> <li>• <b>Following correct democratic processes</b> Risk: Previous versions of the Amenity Standards have not followed the democratic process and as such have not been subject to appropriate levels of scrutiny.</li> <li>• <b>Non-standardised use of inspection forms</b> <ul style="list-style-type: none"> <li>- Risk: A consistent approach to inspections may not be being undertaken. Appropriate electronic record keeping may not be being maintained. Duplication of work is being undertaken and therefore resources are being lost as a result.</li> </ul> </li> <li>• <b>Processes &amp; Procedures subject to regular review</b> <ul style="list-style-type: none"> <li>- Risk: Without using version control and dating the procedure documents it is unclear when they were last reviewed and as such whether they have considered recent changes in legislation.</li> </ul> </li> </ul>

- **Non-streamlined processes**

- Risk: Unnecessary time and resources are being spent setting out notices, and there is a risk of inconsistencies within the notice wording and process as a result.

- **Business Continuity**

- Risk: Where there is no internet coverage or a lack of coverage there is a need for appropriate back up / business continuity plans to be in place to conduct inspections.

- **Performance measurement**

- Risk: Without KPIs it is difficult for line management to appropriately set targets and standards to be met within the service area. KPIs allow service areas to continuously improve and develop, as well as highlight areas of achievement and areas where focus/training may be needed. Management Team and members/portfolio holder may not be aware of the performance levels of the Housing Standards Department due to no reporting against KPIs being in place.

### Summary of Key Recommendations

No high priority recommendations have been raised during this audit.

A total of 2 medium priority recommendations have been raised as follows;

- Review the Amenity Standards for Privately Rented Dwellings and ensure the democratic process is followed for their adoption.
- Explore the viability of tablet-based inspection forms.

A total of 4 low priority recommendations have been raised as follows;

- Develop a review programme of the Visio procedures against current regulations/legislation to ensure that they remain up to date. When reviewing procedures use version control and date the documents to show when they were last reviewed.
- Liaise with Idox Administrators and set a time frame and priority for the RIAMS templates to be added to the Idox system.
- Once the tablet-based inspection forms have been explored, replicas of the tablet-based inspection template forms should be held in paper-based format within Inspection visit packs to be used ONLY in the event of a failure in the tablet-based system.
- Specific Key Performance Indicators for the purposes of Housing Standards should be included within the Community and Partnerships Directorate Service Plan. These KPIs should be meaningful, reflecting the work undertaken by the service area. The targets should be realistic in terms of being achievable and time specific.

### Other Points to Note

- Norfolk Warm Homes based at Broadland DC are delivering the funding and our Housing Standards team are ensuring that campaigns and commercials and advertisements are in place to promote these schemes across West Norfolk with £3.8m funding available over LAD3 and HUG. 5 local authorities are working together under the Norfolk Warm Homes (the Borough Council of King's Lynn & West Norfolk, Broadland, South Norfolk, North Norfolk and Breckland).
- Reporting requirements under the Home Energy Conservation Act (HECA) to the Department for Business, Energy & Industrial Strategy (BEIS), LAHRS returns collecting a range of housing information in each local area, in particular HMOs and private dwellings with category 1 hazards, and furthermore Gypsy & Traveller (G&T) counts reporting to the Department for Levelling Up, Housing and

Communities (DLUC) are up to date.

## Waste Management Contract - Executive Summary

Our Assurance Opinion: LIMITED			
No. of Recommendations & Priorities			
High	Medium	Low	Total
2	4	0	6

### Overall Objective and System Background

The overall objective of the audit is to gain assurance that waste services are being provided to the Authority in accordance with the contractual arrangements, that regular contract monitoring takes place, that a robust performance management framework is in place, and that appropriate financial controls are operating.

The Borough Council of King's Lynn & West Norfolk (BCKLWN) have entered into a new waste management partnership with North Norfolk District Council (NNDC) and Breckland Council for the provision of its waste collection services with SERCO. NNDC commenced its Waste Services contract with SERCO on 6<sup>th</sup> April 2020; BCKLWN and Breckland Council joined the contract with effect from 1<sup>st</sup> April 2021, with the contract being for eight years with the option to extend for a further eight years. BCKLWN's Waste Services Contract is valued at circa £3.7M per annum for the length of the contract.

### Summary of Key Control Issues and Risks

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

- Lack of evidence that an action plan has been agreed with SERCO setting out how they plan to address each of the points raised in the Gap Analysis; consequently, no assurance can be given that the outstanding issues have been resolved. *Risk that outstanding actions will be left in abeyance and gaps in service delivery will remain.*
- Lack of a proportionality check on the performance data provided to the Council by SERCO to gain assurance over the accuracy and validity of the data for both performance KPIs and invoice costs. *Risk that a lack of checks results in an inability to verify the accuracy of the information provided. This in turn would also limit the ability to apply any applicable performance reductions. Risk that invoices for significant amounts (circa £400,000 per month) are not being checked for accuracy prior to approval and authorisation of such large amounts.*
- Actions agreed at the Contract Management Board meetings are included in an Action Log. The Action Log is not dated; therefore, it is not known what the current status is with regards to the outstanding actions. *Risk that identified issues are not resolved in a timely manner resulting in further gaps between actual service provision and contractual obligation.*
- Lack of evidence that an Issues Log is maintained to record any issues which may arise during the contract monitoring process. *Risk that issues are not identified and are therefore not resolved, resulting in gaps between service provision and contractual obligation.*
- Clause 20.1.1 in the contract states that the Public & Product Liability insurance should have a minimum limit of indemnity of £10m for each claim; however, the Public & Products Liability insurance certificate states that the minimum limit of indemnity is £5m. *Risk of financial loss to the Authority if an incident occurs and the contractor does not have sufficient insurance cover.*
- Lack of evidence to show that the risks and mitigations are subject to regular review. *Risks are not managed appropriately, potentially leading to service disruption and additional financial costs.*

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### **Summary of Key Recommendations**

A total of two high priority recommendations have been raised as follows:

- An Action Plan should be agreed with SERCO setting out how they plan to address each of the points raised in the Gap Analysis. The action plan should detail the agreed action, the officer responsible and the due date.
- The Council should undertake a proportionality check on the data provided by Serco, to gain assurance over the accuracy and validity of the data provided and the value of the monthly invoices received.

A total of four medium priority recommendations have been raised as follows;

- The Action Log should be reviewed and updated to reflect the current status of the outstanding actions.
- An Issues Log should be maintained to record any issues which may arise during the contract monitoring process.
- The contractor's Public & Products Liability Insurance minimum limit of indemnity should be raised from £5m to £10m for each claim to bring it in line with the minimum limit as stated in the contract (clause 20.1.1).
- Risks associated with the waste contract and the robustness of the mitigations put in place, as stated in the Corporate Risk Register, should be subject to regular review.

### **Other Points to Note**

- There is a robust complaints handling process in place enabling complaints to be addressed in accordance with contractual requirements.
- Customer satisfaction surveys are requested and completed with a high level of satisfaction reported overall for 2021/22 (97%).



## Capital Programme - Executive Summary

<b>Our Assurance Opinion: LIMITED</b>			
<b>No. of Recommendations &amp; Priorities</b>			
<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Total</b>
<b>5</b>	<b>0</b>	<b>1</b>	<b>6</b>

<b>Overall Objective and System Background</b>
<p>The Capital Strategy outlines the principles and framework that shape the Council's capital decisions. The principal aim is to deliver a programme of capital investment that contributes to the achievement of the Council's priorities and objectives as set out in the Corporate Plan.</p> <p>The Capital Strategy will be updated annually and will be put before Cabinet alongside the Treasury Management Strategy so that it can be approved before the year to which it relates begins. The Strategy defines at the highest level how the capital programme is to be formulated; it identifies the issues and options that influence capital spending and sets out how the resources and capital programme will be managed.</p> <p>The capital strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.</p> <p>The CIPFA Prudential Code for Capital Finance in Local Authorities (2017) states that authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement or priority outcomes.</p> <p>There has been a total of £27,961,000 worth of new schemes added to the Capital Programme 2021-2026. £25,210,000 worth of new schemes (90% of additional schemes) is from the Town Funds/Town Investment Plan (TIP). Due to the scale of finance involved and potential risks associated with these projects for the Council, the auditor focused on reviewing arrangements for the two TIP projects that have started.</p> <p>The two live projects are the Public Realm Project and the Youth Retraining Pledge (YRP) Project. The remaining five projects that are included in the TIP are yet to require the final business cases to be submitted to Central Government, although the business case for the final project will be completed and signed off in October 2022. It is hoped that when future audits in 2022/23 are undertaken for Project Management and Towns Fund, the remaining TIP projects will be in a position where these projects can be included within the scope of these reviews.</p> <p>The main projects related to the Towns Fund, as reported to Cabinet on 9<sup>th</sup> February 2022 within the Capital Programme and Resources Report - Appendix 2, were:</p> <ul style="list-style-type: none"> <li>• Town Centre Repurposing (£1,720,000);</li> <li>• St. Georges Guildhall Complex (£4,765,000);</li> <li>• Active and Clean Connectivity (£6,614,000);</li> <li>• Riverfront Regeneration (£6,431,000); and</li> <li>• Multi-User Community Hub (£4,291,000).</li> </ul> <p>These projects have since been revised, and an updated allocation per project, was reported to Cabinet on 8<sup>th</sup> June 2022. The revised costs were the following: -</p> <ul style="list-style-type: none"> <li>• Town Centre Repurposing (£NIL);</li> <li>• St. Georges Guildhall Complex (£8,097,181);</li> <li>• Active and Clean Connectivity (£4,232,876);</li> </ul>

- Riverfront Regeneration (£4,178,943); and
- Multi-User Community Hub (£7,400,000).

The overall projects total equates to £25,000,000. There are potential contributions of £3,326,190 from the St Georges Guildhall Complex Heritage Lottery Contribution, and £1,878,000 from the Active and Clean Connectivity Business Rate Pool.

As a result of tight timescales and prescriptive method by central government to submit project bids, a more in-depth project feasibility and scoping process has been followed for TIP projects which has not observed for other capital projects in the programme.

The auditor has reviewed the various documentation for the TIP projects, from Heads of Terms to Draft Business Cases, and Final Business Cases. The Final Business Cases incorporate feedback received from the draft Business Cases submitted to Central Government.

Major Projects overall equate to £128,660,630 (87%) of the total Capital Programme of £146,990,160 less Exempt Schemes. When Exempt Schemes, equating to £40,493,440 are included, this percentage drops to 68% of the Capital Programme overall.

Exempt Schemes totalling £40,493,440 equate to 21% of the total Capital Programme overall.

The most recent Capital Programme submission was provided to Full Council on 23<sup>rd</sup> February 2022.

The previous audit of Capital Programme was undertaken in 2016/17 and Substantial Assurance was provided.

### **Summary of Key Control Issues and Risks**

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

- Proposals for items/projects to be included in the Capital Programme are discussed with Management Team (around December time), and a report is taken to Council for all Members to discuss and decide which projects will be included on the Capital Programme. Any amendments needed to the report prior to it going to Council for approval are then included in the monthly monitoring report.
- The proposals when presented to Management Team do not include the following information: -
  - The value of the projects/items on an individual proposal is based either on known historical costs for projects/items, or costs derived from similar projects undertaken by the Council or similar projects undertaken by other local authorities.
  - The value of the project/item is required to be “paid back” through Unsupported Borrowings.
  - Confirmation that the cost of the project/item has been checked with the relevant Executive Director/Assistant Director, prior to being presented to Management Team.
  - Project risks are not currently included within reports provided to Management Team and Cabinet. The most recent Capital Estimate Report was provided in February 2022.
- On occasion, potential projects are discussed in a committee or panel meeting, and then the information is relayed back to Management Team and finance regarding project costs.

- Risk: When projects are submitted to Management Team, and subsequently

Cabinet to be included within the Capital Programme, the full extent of resource requirements, financial implications and current/emerging risks are not fully considered. This results in these areas of the project not being as accurate as possible, enabling an informed decision on the project to be made.

- A high-level scope for each project for the Capital Programme is provided by Service Managers, discussed and assessed by Management Team and approved by the relevant Panel or Committee, Cabinet and potentially Full Council.
- When the project reaches the Officer Major Project Board (OMPB), this is the stage where the project is developed fully into a Project Brief and Project PID to ascertain the full details, expectations and implications of the project as a whole.
  - Risk: Historical projects have not had a consistent method of appraising, and demonstrating, the viability of a project to ensure: -
    - they align with Corporate Objectives and Aims;
    - financial, resource and project risks have been identified as fully as possible; and
    - where risks have been identified these have been considered in advance of making a decision about whether to go ahead with the project.
- Projects are discussed during the monthly OMPB meetings and progress monitored by way of updates provided by each Project Sponsor, or Project Manager, at appropriate intervals. If there are any concerns with any projects these can be added to the agenda for the next meeting of the OMPB. The minutes of OMPB meetings are attached to the agenda of the Member Major Project Board (MMPB) meetings.

Within the Draft Business Cases that each TIP project will be required to be submitted to Central Government before the allocated funding is received, there is a section within the Strategic Case outlining how objectives of the project will be measured effectively along with milestone deadlines. However, progress against project objectives and milestones are not currently reported to OMPB.

- Risk: Without an effective plan to report milestones in project timescales, any amendments to the original project expectations and their subsequent effect on financial budget, resource requirement and project risks may not be known to relevant officers and Members.
- When the auditor was looking into the projects classed as “Exempt Schemes” and discussed with the relevant Finance Officer, it was found that all of these projects were no longer classed as “Exempt Schemes”. The projects themselves, or documents related to the projects, had either been discussed or made available to view in a public forum. Discussions had mainly occurred during Planning Committee.
  - Risk: There could be confusion as to why some projects in the Capital Programme have been classified as “Exempt Schemes”, when they have been discussed or documented within open forums such as Planning Committee.

### **Summary of Key Recommendations**

A total of one overarching recommendation has been raised as follows:

- Consider creating a suite of documents to enable a complete and fully informed decision-making process.

The suite of documents should include the following: -

- A pre-project proposal form/start up form (capturing the information suggested within this Capital Programme Audit Report)
- A project closure form – to evaluate and carry out a lesson learned assessment. The form could also be used to ensure the budget code provided to the project is now concluded, and all payments for the project have made by and received by the Council.
- A Flowchart of the proposal through to project closure cycle would be helpful. Included within the initial checklist suite of documents could act as a prompt for each step in the project cycle. This could be referred back to for ease of reference.
- A Project register – to keep a file for each project by reference number (this can then assist with the Shared drive idea and allow the key responsible relevant officers to have access to the relevant project references). The register would: -
  - allow a record to be kept of all projects currently being undertaken;
  - allow statistics to be produced on project information;
  - enable officers to easily identify the current status, and work undertaken, of a project;
  - information contained within the shared drive would enable knowledge to be shared, skills to be retained and passed on through the project, information would be accessible within one designated area rather than being saved in multiple locations which is not easily accessible to some officers.

A total of four high priority recommendations have been raised as follows;

- The feasibility process should be enhanced before projects are submitted for inclusion within the Capital Programme.

Detailed information relating to finance, resource and risks should be included within project information submitted to Management Team for consideration.

- There should be a consistent approach to appraising the viability of a project, enabling officers and Members to be fully informed about a project, prior to inclusion on the Capital Programme.

There is ongoing dialogue with the Chair of the Officer Major Project Board (OMP) regarding the Terms of Reference for the Project Development Group (PDG) and the OMP. The PDG could be the mechanism to assess the viability of a project prior to Management Team and Cabinet approval, ensuring a consistent approach to appraising project viability.

The documentation used for the projects within the Town Investment Plan (TIP), and subsequently submitted to Central Government as Business Cases, to be considered for use as a template for all capital projects using consistent headings that include: -

- Objectives;
- Aims;
  
- Scope;
  
- Financial implications;
  
- Resource requirements; and
  
- Risk Registers.

- During the lifespan of a project, the Project Sponsor should provide updates to the OMPB in line with documented milestones, or when there are any amendments to the project, especially regarding finances, resources and risks.

A total of one low priority recommendation has been raised as follows;

- As per discussion between the auditor and the Finance Officer during the course of the audit being undertaken, the projects should be removed from the Exempt Scheme listing to the Revised Scheme listing, so that there is no misunderstanding related to transparency of the relevant schemes.

#### **Other Points to Note**

- Recommendations from the previous audit of the Capital Programme in 2016/17 have been completed.
- Recommendations arising from the KLIC Lessons Learnt exercise, and the changes made by Senior Officers and Members regarding the Member and Officer Major Project Boards, have been reported to Audit Committee in April 2022 and continue to be developed with input from Audit Committee.

## Food Hygiene, Health & Safety and Public Health - Executive Summary

<b>Our Assurance Opinion: SUBSTANTIAL</b>			
<b>No. of Recommendations &amp; Priorities</b>			
<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Total</b>
<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>

<b>Overall Objective and System Background</b>
<p>The overall objective of the audit is to gain assurance in respect of controls to ensure the appropriate and effective assessment of standards of food hygiene, health and safety and public health within the Borough are being upheld.</p> <p>A previous audit was conducted in July 2016 and the subject area was given a Substantial assurance level.</p> <p>The Council has a statutory obligation to ensure, and maintain, procedures for official Controls in food. There is a requirement for the Council to inspect businesses providing food to the public, to adhere to Food Law code of practice, and provide each establishment with a Food Hygiene Rating. This rating allows consumers to easily understand a businesses compliance with Food Safety law. Each premises is inspected and given a rating from 0 – 5.</p> <p>When a business is inspected by an officer, they look at:</p> <ul style="list-style-type: none"> <li>• food hygiene and safety - how food is prepared, stored, cooked, reheated and cooled</li> <li>• structure and cleaning</li> <li>• confidence in management</li> </ul> <p>Inspectors <b>do not</b> score a business in relation to food portion size, taste or quality. Businesses in England are not legally required to display their ratings. Consumers have to make their own decision about visiting premises who don't display their score.</p> <p>The ratings are as follows:-</p> <ul style="list-style-type: none"> <li>• 5 – Very Good;</li> <li>• 4 – Good;</li> <li>• 3 – Satisfactory;</li> <li>• 2 – Improvement necessary;</li> <li>• 1 – Major improvement necessary; and</li> <li>• 0 – Urgent Improvement necessary</li> </ul> <p>The Council undertakes initial inspections of businesses and follow-up inspections to ensure any recommendations from the initial inspection have been carried out to improve the hygiene rating.</p> <p>Section 18(4) of the Health and Safety at Work etc. Act 1974 places a duty on Local Authorities to make 'adequate arrangements for the enforcement' of health and safety. This allows the Environmental Health Team to enforce non-compliance with regulations and especially during recent times, the rules and regulations pertaining to Covid-19 and re-opening of businesses and venues.</p> <p>This is not the same as Corporate Health and Safety which focuses on employee Health and Safety, which will be audited separately.</p> <p>The Council has a duty to residents to ensure the quality of the water supplies are adequate for human consumption within the Water Industries Act and Private Water Supply</p>

## Regulations.

The Council has a requirement to undertake monitoring of shellfish and seawater to maintain shellfish classification for shellfish industry to allow them to gather and process.

The legislation covering this is the Public Health Control of Diseases Act 1984 implementing the International Health Regulation 2005 for Port Health functions.

Both the quality of the water supplies and shellfish and seawater are also included within Health Protection regulations for Infectious Disease Control.

### Summary of Key Control Issues and Risks

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

- 28 of the 30 procedural documents used are overdue for a review, which the department are aware of and plan to review these documents when possible. The only documents that are not overdue are the “Applying for a warrant” and “National Food Hygiene Rating 2020” documents. However, the “Applying for a warrant” does also state that the Last Review and Next Review date are the same.
  - Risk: Documents are not fit for purpose as they are out of date and this could result in officers following incorrect procedures.
  - Risk: Inefficiencies within an officer’s role due to lack of correct referencing to other documents.
- The Infectious Disease Investigation document to be updated to include reference to Covid-19.
  - Risk: Infectious Disease information is out of date.
- The Joint Safety and Welfare Committee should meet every six months according to the Health Safety Welfare Policy, but the committee has not met since January 2021.
  - Risk: The Committee are not following the rules within the Corporate Policy or their own Constitution.

### Summary of Key Recommendations

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

- Review and update the Procedure Guidance Documents to ensure all officers are using the most current and up to date information available. The review should also include the checking and updating of any hyperlinks to other documents or websites contained within.
- A reference to Covid-19 (and any known variants), and any known diseases not mentioned in the previous review, should be included within the Infectious Disease Investigation document.
- The Joint Safety and Welfare Committee should either:-
  - a) meet every 6 months as is stated within the Health safety and Welfare Policy, or
  - b) amend the policy to accurately reflect the frequency of meetings occurring each year.

## Accounts Payable - Executive Summary

**Our Assurance Opinion: REASONABLE**

No. of Recommendations & Priorities			
High	Medium	Low	Total
0	1	4	5

### Overall Objective and System Background

As part of the Internal Audit Plan for 2021-2022, an audit has been undertaken to gain assurance that that robust processes are in place within the Accounts Payable system for the ordering, receipt and payment of goods and services supplied to the Authority.

Accounts Payable is the system for the paying of the suppliers of goods and services which have been ordered and supplied to enable the Authority to deliver its business objectives. During 2020/21, the Authority processed a total of 20,910 transactions with a total value of £58,526,996. The Authority's Financial Regulations and Contract Standing Orders detail the internal control requirements relating to the procurement of goods and services, and the payment of accounts.

With effect from April 2020, the Authority introduced a new accounting package, Unit 4, to replace the previous QSP system.

### Summary of Key Control Issues and Risks

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

- The review of corporate credit card transactions identified several instances where a valid receipt was missing from the documentation held. Generally, VAT receipts are missing where items are purchased online, particularly on Amazon; however, Finance are aware of the need to chase up card holders if a valid receipt is not provided. Internal Audit emailed several card holders where a receipt or a paid invoice had not been provided initially; in most cases either a receipt or paid invoice were then provided, or an explanation as to why it was not possible to obtain a receipt. *Risk that corporate credit cards are used to purchase unauthorised goods or services.*

### Summary of Key Recommendations

One Medium priority recommendation has been made:

- Corporate Credit Card holders should be reminded of the requirement to provide adequate supporting documentation, such as a valid VAT receipt, and for all transactions to be authorised. Any expenditure claims which do not have adequate supporting documentation or are not authorised, should be returned to the card holder.

Four Low priority recommendations have been made:

- The Financial Regulations should state that budget managers should ensure that there are sufficient funds in their budget before authorising the purchase of goods/services so that they do not exceed their approved budget.
- The Financial Regulations should be updated to include reference to the security marking of assets.
- The Financial Regulations should state that invoices should only be accepted by the Payments section if they appear legitimate and show details of supplier quantity, details of the goods/services received, PO number, invoice value, and VAT registration number where applicable.
- The Supplier ID no. included in the Quarterly Purchase Order Report published on the



Council's website should be removed and replaced with a new unique referencing number. For those reports already published, the Supplier ID should be redacted or replaced with a unique referencing number.

### **Summary of Agreed Actions**

The Financial Services Manager has agreed to implement the following:

- A reminder will be sent to cardholders and their line managers of the requirement to provide adequate supporting documentation, including a valid VAT receipt, and for all transactions to be authorised. Cardholders and line managers will be reminded of the consequences of the full charge being borne by the service if valid VAT receipts are not provided and of HMRC penalties against the Council, with continued failure to provide receipts potentially leading to investigation to ascertain the legitimacy of purchases. The FSM will draft a suitable reminder in conjunction with the Procurement Team.
- Financial Regulations will be reviewed to include a specific supporting document outlining budget manager responsibilities.
- Financial Regulations will include the security marking of assets.
- The Group Accountant will provide training on acceptable and unacceptable examples of invoices, and provide written instructions to the Payments Team.
- Once the Procurement Team have considered the recommendation against the necessary transparency rules, then if they agree, the Group Accountant will lead on revising the output.

## **APPENDIX 3 – AUDIT REPORT EXECUTIVE SUMMARIES 2022/23**

### **Corporate Health & Safety - Executive Summary**

**Our Assurance Opinion: SUBSTANTIAL**

No. of Recommendations & Priorities			
High	Medium	Low	Total
0	0	1	1

Overall Objective and System Background
<p>The overall objective of the audit is to gain assurance that processes and procedures for Corporate Health and Safety are robust and appropriately documented. In particular incident and accident management, staff training and Health &amp; Safety Boards.</p> <p>There are standard forms that are required to be completed for accidents and occurrences. The forms are from the Health and Safety Executive (HSE) website. Departments are aware of these and do complete these where necessary.</p> <p>It is specified within the Health and Safety Welfare Policy October 2019, Section 3.6 Reporting and Investigation of Accidents and Dangerous Occurrences, the following:-</p> <p>“The Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR) 2013 places a legal obligation on employers to report certain categories of injuries, diseases and dangerous occurrences to the Health and Safety Executive (HSE).</p> <p>Additionally it is the policy of the Council that all accidents, incidents and dangerous occurrences, near miss and undesired circumstances however slight, be reported through Line Managers to Corporate Health and Safety. An incident, dangerous occurrence or near miss is an event that, while not causing harm, has the potential to cause injury or ill health”</p> <p>The total number of accidents reported through the Accident/Incident Form Process for the previous 3 years (up to 31/12/20) is as follows:-</p> <p>01/04/18 – 31/03/19 – 1 RIDDOR case, and 39 Non-RIDDOR cases;  01/04/19 – 31/03/20 – 8 RIDDOR cases, and 22 Non-RIDDOR cases; and  01/04/20 – 31/12/20 – No RIDDOR cases, and 11 Non-RIDDOR cases.</p> <p>Overall between 01 April 2018 and 31 December 2020 there have been 81 cases in total (both RIDDOR and Non-RIDDOR reportable). Of these 81 cases, 9 overall were reportable (11%)</p> <p>The Committee that would usually receive any information regarding reportable incidents would be the Joint Safety and Welfare Committee. This Committee should meet every six months according to the Health Safety Welfare Policy, but the committee has not met since January 2021.</p>

Summary of Key Control Issues and Risks
<p>The key control issues (<i>and risks</i>) identified in the audit are:</p> <ul style="list-style-type: none"> <li>• Previous testing information relating to Fire Risk Assessments has not been available for the inspectors, despite officers having adequate prior warning of when the inspection due. Reviews are conducted annually predominantly. <ul style="list-style-type: none"> <li>- Risk: The lack of documentation from previous Fire Risk Assessments, in readiness for when annual reviews are being conducted, is resulting in the same actions continually being included in the assessment.</li> </ul> </li> </ul>

Summary of Key Recommendations
<p>A total of one low priority recommendation has been raised as follows;</p> <ul style="list-style-type: none"> <li>• There should be a creation of a checklist to ensure each site due for a Fire Risk</li> </ul>

Assessment has the relevant documentation on site when the inspection is undertaken. If documentation required is not usually stored on site, a request should be made to the relevant officer to provide the information in advance of inspection.

#### Other Points to Note

- There were two other areas where additional recommendations were made, but these have already been included within recent audits of Policies and Food Hygiene, Health & Safety and Public Health.
- Where the auditor found an inconsistency in the documentation within Insite, this was reviewed and rectified in a timely manner.

## Corporate Business Continuity - Executive Summary

Our Assurance Opinion: REASONABLE			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	2	7	9

## Overall Objective and System Background

The Borough Council is a Category 1 responder under the terms of the Civil Contingencies Act 2004 and as such is required to put in place Business Continuity Management arrangements.

The Civil Contingencies Act 2004, as it relates to Business Continuity, requires the Council to:

- a. Maintain plans to ensure that they can continue to exercise critical functions in the event of an emergency as far as reasonably practicable;
- b. Include exercises within Business Continuity arrangements, to ensure the approach is effective, and arrangements for the provision of training to those involved;
- c. Review its BC arrangements and keep them up to date;
- d. Have regard to assessment of both internal and external risks when developing and reviewing its BC arrangements;
- e. Have a clear procedure for invoking BC plans;
- f. Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency;
- g. Provide advice and assistance to businesses and voluntary organisations about business continuity management

The Council's Business Continuity arrangements are specified in "Business Continuity Management: Policy Statement and Strategy which was last revised in September 2017 (5th Edition). This is currently being reviewed and revised. The new edition was drafted in May 2022.

Business Continuity is referred to within the BCM Policy and Strategy 2022 document as "A holistic management process that identifies potential threats to an organisation and the impacts to business operations that those threats, if realised, might cause, and which provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value creating activities. BCM is therefore about the council preparing for a disaster, incident or event that could affect the delivery of services. The aim being that at all times critical activities are maintained; and that key elements of other services are maintained, where possible, at a basic level and brought back up to an acceptable level of service as soon as possible."

A "Critical Activity" is identified by Management Team and defined as "critical and need to be up and running within 24 hours in the event of a Business Continuity incident". Critical activities are reviewed annually – the 2022 review was discussed by Management Team in February 2022. The key criteria applied in assessing critical activities is whether or not it has to run on a "24/7" basis – services that do not deliver over Bank Holiday weekends or the Christmas break by definition cannot be critical.

The current designated critical activities are:

- CIC (Responding to customer contacts)
- Corporate communications (controlled communications, including the website)
- Emergency Planning
- Homelessness
- ICT
- CCTV responsive functions control room
- Incident Management Team (Executive Directors)
- Personnel – staff contact details only (not normal business)
- Property Services (buildings management)
- (Seasonal) – Electoral Services – if a critical period

- (Seasonal) – Environmental Health – Food safety / Health & safety team
- (Seasonal) – Environmental health – Environmental Quality Team.

There are also four generic threats for Business Continuity risks:

- Loss of Kings Court
- Loss of staff
- Loss of ICT
- Fuel shortage

Bronze level plans in turn assess their requirements against these risks in considering business impact

The overall objective of the audit is to gain assurance in respect of controls to ensure the effective continuity (or timely restoration) of Council services in the event of their delivery being disrupted.

An annual METIS exercise is conducted to test the Council's Business Continuity Plans; however, due to the pandemic, the last training exercise conducted occurred in 2019. METIS 20 was a BC exercise responding live to the pandemic, it involved loss of staff and loss of building and activated the Work Area Recovery Plan which was created as a result of Metis 19.

Exercise Metis 21 was facilitated by the Emergency Planning team with support from other members of the Corporate Officer Group. Following the exercise an Exercise Report will be produced. Exercise Metis 21 will be a Table Top Exercise (TTX) run on MS teams. Participants from the incident management team and critical teams will be presented with a scenario around a cyber incident.

### Summary of Key Control Issues and Risks

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

After a discussion with the Communications Manager it was found that although Senior Management inform Communications of the initial situation when possible, this may occur after the Communications Team have already begun to receive enquiries from the press and public, and this means the Communications Team have to be careful about what is mentioned as they may not be fully informed of the incident at that time.

- Risk: Lack of clarity and detailed information on a Business Continuity incident for the Communications Team, will lead to a lack of preparedness for enquiries from the public and media. If communication is not clear and consistent this could lead to a lack of trust and reputational damage to the Council when dealing with an incident.

The BC Portal was originally designed as a quick and ready way of accessing information in a Business Continuity incident. This information is now stored within Resilience Direct, which is accessed by the District Emergency Planning Officer.

The web address for the BC Portal is on the back of each officers ID badge. The Communications Manager stated that they do not have access to the BC Portal, and also do not have the ability to add/edit any BC incident information appropriately.

- Risk: Officers and Members may not be aware that the latest information on a BC incident is held on Resilience Direct, rather than the BC Portal. The Communications Manager is unable to access the BC Portal, and inform officers/members of an incident.

### Summary of Key Recommendations

A total of two medium priority recommendations have been raised as follows;

- The Communications Manager should be included within the Significant Incident Team discussions, to enable the Communications Team to be informed of the incident. This would aid the Communications Team in dealing with incident enquiries, and provide a consistent response to the public and media.
- Review whether the BC Portal is the appropriate way to disseminate the information of a BC Incident to officers and members.

Once the most appropriate way to disseminate information to officers and members has been decided, the Communications Manager should have access to this and have the ability to add/edit BC incident information appropriately.

A total of 7 low priority recommendations have been raised as follows;

- The BCM – IRP – Appendix C – Incident Response Checklist should be amended to reference the correct Incident Recovery Plan documentation.
- Amend the BC Plans to denote “Critical” officers within Service Areas, so these officers can be easily identified if necessary.
- There should be a standard template communications response template, for each of the identified Threat Cards. This again would enable a clear and consistent message to be provided to officers, Members, the public and media.
- There should be a clear and consistent process to ensure all parties involved in the incident are aware that the incident has come to a close, especially the public and media.

Departments should ensure that main supplier(s) information can be accessed in the event of a Business Continuity incident, where they are unable to access their relevant ICT systems. Consider whether this access could be included within the new BC Portal plans, so copies can be accessed via cloud-based storage.

Where departments have contracts with a 3<sup>rd</sup> party, and Business Continuity Plans have been included within the contract, departments should receive an annual communications update to ensure the BC plans are still relevant and fit for purpose.

- Consider the level required on individual credit card limits for both BCKLWN and AWN officers, now that the Council is in the Business-as-Usual phase of the Covid-19 pandemic.

Consider the inclusion of AWN officers individual credit card limits within the BERRP when it is next updated.

- Consider whether copies of key documentation, and access, could be included within the new BC Portal plans, so copies can be accessed via cloud-based storage.

Relevant BC Plan holders should receive an annual communications update to ensure their BC documentation are still current and up to date.

### Other Points to Note

- Overall the findings of the audit allowed the auditor to see good controls that ensure effective continuity of Council services in the event of delivery being disrupted.
- A finding originally raised concerning the Council's insurance arrangements, was rectified prior to the report and is now resolved.
- The current Business Continuity plans of all teams, do show that relevant documentation can be accessed, and any interdependencies with other departments is known.
- The financial procedures in place allow for the Council to follow regulations and policies during a Business Continuity incident.
- There are provisions in place to ensure that insurance claims required to be/made, as a

result of a Business Continuity incident, are recorded appropriately.