

Eastern Internal Audit Services



Borough Council of King’s Lynn and West Norfolk

Internal Audit Progress Report

Period Covered: 11 November 2022 to 24 July 2023

Responsible Officer: Faye Haywood – Internal Audit Manager

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1. INTRODUCTION

- 1.1 This report is issued to assist Borough Council of King's 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. At the November 2022 Audit Committee, the IT Governance audit was deferred. Since then, four further audits have been deferred:

Audit	Justification
KLWN2204 Cost Reduction Programme	This audit has been deferred to the 2023/24 Internal Audit plan at the suggestion of senior management. The Cost Reduction Programme was paused in early 2020 due to the pandemic and has just recommenced. It is therefore suggested that there will be more projects to review in detail once the programme has been running for longer.
KLWN2201 Corporate Governance	This audit has been deferred to the 2023/24 internal audit plan. It was felt that it would be more beneficial to carry out this audit following the local elections.
KLWN2214 Homelessness and Housing Options	Strategic risks in this area were reviewed during audit planning. Other work has been prioritised; however this review will now take place in the 2023/24 plan.
KLWN2220 Network Infrastructure and Security	A Senior Cyber Risk Consultant has been used by the Council to give independent assurance on the Councils security control framework. In order to not duplicate effort the Internal Audit team have agreed to defer this work until later in the three-year audit cycle.

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 214 days of programmed work has been completed, resulting in 99% of the total revised Internal Audit Plan for 2022/23. All audits have been finalised, and a total of three days of the allocated 50-day budget has not been required from the EIAS arrangement.

4. THE OUTCOMES ARISING FROM OUR WORK

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

Substantial	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.
Reasonable	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.
Limited	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.
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.

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 101 reports have been finalised from the 2022/23 Internal Audit Plan:

Audit	Assurance	High	Medium	Low
KLWN2205 Business Planning and Performance Management	Reasonable	0	3	0
KLWN2208 Procurement and Contract Management	Limited	1	7	5
KLWN2213 Environmental Protection	Reasonable	0	2	11
KLWN2215 Anti-Social Behaviour and Community Safety	Substantial	0	0	5
KLWN2211 Accountancy Services	Reasonable	0	4	4
KLWN2210 Income	Reasonable	0	4	1
KLWN2202 Key Control and Assurance	Substantial	0	0	2
KLWN2216 Towns Fund	Reasonable	0	1	8
KLWN2209 Accounts Receivable	Reasonable	0	2	6
KLWN2217 Economic Growth	Substantial	0	0	3
KLWN2222 Software Licenses	Substantial	0	0	0

- 4.4 As can be seen in the tables above as a result of these audits a total of 69 recommendations have been raised and agreed by management.
- 4.5 The Executive Summary of these reports are attached at **Appendix 2**; full copies of these reports can be provided to members upon request.
- 4.6 In addition to the above, two position statements have been finalised – KLWN2203 Project Management Framework and KLWN2218 Climate Sustainability. The suggested actions from each of the position statements is provided below:

KLWN2203 Project Management Framework

- Introduce an overarching policy/strategy document for corporate/major project management.
- Introduce a centralised method of recording and storing project information/documentation, with version control in place and appropriate access controls.
- For major projects, the Project Management Framework should be developed to align with the principles of HM Treasury's "The Green Book" appraisal approach, including the five-case business model.
- When producing the strategic case within the Business Case of a project, the risks, constraints and interdependencies should be included as well as the mitigating factors identified.
- Risk Management processes within Project Management Frameworks need to allow individual risk events and overall risk to be understood and management proactively. A golden thread needs to be introduced to link individual project risk registers, programme risk registers and the corporate risk register.
- The strategic case for the Riverfront Regeneration Business Case to be updated to include details of constraints and interdependencies.
- When considering future projects there should be alternative options to consider other than "do nothing" or "do something", allowing for a more robust assessment and approach to Value for Money, and decision-making processes.
- When considering optimism bias and risk, there needs to be project risks, constraints, or interdependencies and any mitigating factors included within the Economic case for consideration.
- Business cases need to consider the exchequer impact for both expenditure and taxation, particularly for the local economy.
- For corporate projects, a monitoring and evaluation plan should be included in future project business cases, outlining what is to be monitored/evaluated, the frequency of monitoring/evaluating, and who will be responsible for undertaking this.
- Within the Commercial Case of projects to include: key contractual milestones, delivery dates, and the agreed accounting treatment.
- For future Terms of Reference to include: a section in the template that references any benefits realised, and a section within the report for the financial impact.

KLWN2218 Climate Sustainability

- Community & Environment Policy Review and Development Panel Terms of Reference to include a specific reference to Climate Change/Sustainability to promote the issue democratically.
- To review the robustness of Management Team, Community & Environment Policy Review and Development Panel Reporting against best practice guidance such as minimum requirements set out within HM Treasury Sustainability Reporting Guidance 2022-23.
- Benefits Realisation evaluations of major projects that include construction or refurbishment and any construction or refurbishment projects relating to any buildings

owner by the Borough Council to ensure sustainable construction is being considered and embedded into the selection and contracting processes by comparing the success of projects to standards.

- A member of the Climate Change team to either sit on the Project Development Group (PDG) or to be consulted by the PDG for all new business cases being considered that may impact upon Climate Sustainability and the Council's commitment to Net Zero Carbon emissions by 2035.
- E-learning package for climate change to be developed/procured and rolled out to all staff and members.
- Update the Climate Change Gap Analysis document to highlight the climate change risks referred to within the National Audit Office "Good practice guide for Audit and Risk Committees".

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										
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.					
TOTAL		30	20	20						
Quarter 2										
Project Management Framework	KLWN2203	8	8	8	Final report issued on 24 March 2023.	Position Statement				Aug-23
Business Planning & Performance Management	KLWN2205	12	12	12	Final report issued on 2 December 2022.	Reasonable	0	3	0	Aug-23
Procurement and Contract Management	KLWN2208	12	12	12	Final report issued on 20 March 2023.	Limited	1	7	5	Aug-23
Environmental Protection	KLWN2213	12	12	12	Final report issued on 9 March 2023.	Reasonable	0	2	11	Aug-23
ASB Community Safety	KLWN2215	10	10	10	Final report issued on 1 February 2023.	Substantial	0	0	5	Aug-23
TOTAL		54	54	54						
Quarter 3										
Accounts Receivable	KLWN2209	10	10	10	Final report issued on 30 May 2023.	Reasonable	0	2	6	Aug-23
Income	KLWN2210	10	10	10	Final report issued on 14 March 2023.	Reasonable	0	4	1	Aug-23
Homelessness and Housing Options	KLWN2214	12	0	0	Audit deferred.					
Key Controls and Assurance	KLWN2202	15	15	15	Final report issued on 17 April 2023.	Substantial	0	0	2	Aug-23
Economic Growth	KLWN2217	12	12	12	Final report issued on 9 June 2023.	Substantial	0	0	3	Aug-23
TOTAL		59	47	47						
Quarter 4										
Software Licensing	KLWN2222	8	8	8	Final report issued on 24 July 2023.	Substantial	0	0	0	Aug-23
Towns Fund	KLWN2216	10	12	12	Final report issued on 23 May 2023.	Reasonable	0	1	8	Aug-23
Cost Reduction Programme	KLWN2204	10	0	0	Audit deferred.					
Corporate Governance	KLWN2201	10	0	0	Audit deferred.					
Network Infrastructure and Security	KLWN2220	10	0	0	Audit deferred.					
Accountancy Services	KLWN2211	16	16	16	Final report issued on 17 April 2023.	Reasonable	0	4	4	Aug-23
Climate Sustainability	KLWN2218	10	10	10	Final report issued on 17 April 2023.	Position Statement				Aug-23
TOTAL		74	46	46						
Audit Management										
EIAS Audit Management inc follow up	N/A	50	50	47						
TOTAL		50	50	47						
TOTAL		267	217	214			1	25	53	
Percentage of plan completed				99%						

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES 2022/23

Executive Summary – KLWN2205 Business Planning & Performance Management

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

Overall Objective and System Background
<p>Business Planning and Performance Management are corporate functions and cross the whole of the authority. The department activities incorporate the following regulations, acts of legislation and contractual arrangements: -</p> <ul style="list-style-type: none"> • Local Government Transparency Code 2015 • Open Government License • Supports Best Value (Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it exercise its functions, having regard to a combination of factors, including economy, efficiency and effectiveness.) <p>This information then feeds into Annual Governance Statement (AGS) as part of the [Accounts and Audit Regulations 2015, regulation 6(1)]. The AGS is then reviewed annually by both the Audit Committee and the Council’s External Auditor, currently Ernst & Young. The department also has a watching brief at the annual Local Government Association conference.</p> <p>There have been some minor changes to the system in use by the department within the last 12 months, which has coincided with the move from the end of Covid-19 recovery strategy and an emphasis to focus on the corporate business plan.</p> <p>There has been a new performance indicator suite introduced from 1 April 2022, to again coincided with the move from the end of Covid-19 recovery strategy and an emphasis to focus on the corporate business plan. The indicator suite is larger than previous, with 75 indicators now, which has increased from 44 previously.</p> <p>The data/information is collected monthly and subsequently reported to Management Team and Corporate Performance Panel quarterly. KPI targets have been reintroduced following the end of the Covid-19 recovery strategy, and a move back to business as usual.</p> <p>The Council has the following 7 Directorates on Insite, with a further two directorates of Property and Projects, and Legal Services and Monitoring Officer, yet to be finalised: -</p> <ol style="list-style-type: none"> 1. Central Services 2. Environment & Planning 3. Health, Wellbeing and Public Protection 4. Operations and Commercial 5. Programme and Project Delivery 6. Regeneration, Housing and Place

7. Resources

Each Directorate Plan has the following wording included:

“The Corporate Business Plan sets out the broad framework for the Council’s work up to May 2023. Since the last borough elections in May 2019, we have continued to deliver improvements in the quality of people’s everyday lives, whilst operating in a challenging financial environment and responding to the Covid-19 pandemic and new funding opportunities. Local authority funding will remain a challenge and our overall priority is to continue to operate within our means. We want to stimulate economic growth and enable a prosperous future for the people that live and work here, whilst ensuring that the quality of life and natural assets of the area are improved and addressing climate change. With this in mind, we have identified six priorities, underpinned by twelve objectives and 47 key initiatives, which are summarised below.”

Summary of Key Control Issues and Risks

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

- There is a lack of a link, otherwise referred to as a “Golden Thread” from the Corporate Business Plan and Corporate Objectives, through the Directorate Plans and into Service Areas.
 - Risk: The lack of a “Golden Thread” from the Corporate Business Plan to Directorate Plans, to Service Areas, Objectives and KPI’s, can make it difficult for officers to see how their role in their Service Area fits in within the Corporate Business Plan.
- A high number of KPI’s were determined as being SMART, but there were some KPI’s which the auditor was unable to confirm were ‘Achievable’, due to lack of current knowledge of the department concerned.

In the auditor’s opinion there are quite a few KPI’s reported upon within the Performance Monitoring Reports that could be deemed to be information that departments would be able to provide as a business-as-usual activity, rather than being a KPI.

- Risk: Too many KPI’s within Directorate Plans, and being included in Performance Monitoring Reports, could lead to key information not being identified through an overload of data/information being provided.
- There are differences between the total number of KPI’s within current Directorate Plans, and the total number of KPI’s reported within the Performance Monitoring Reports to Corporate Performance Panel.
 - Risk: There is a lack of clarity over what KPI’s are/should be included within the Directorate Plans initially, and then also included within the Performance Monitoring Reports.

Summary of Key Recommendations

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

- Directorate Plans should be reviewed, amended and updated to enable a link, i.e. “Golden Thread” from the Corporate Business Plan to Directorate Plans, cascaded down to Service Areas.

Whether these plans should be reviewed, amended and updated prior to the local elections in May 2023 should be considered.

- When the Directorate Plans are reviewed, consider whether all KPI’s listed are actually KPI’s or whether the information is more of a departmental performance indicator.

Also, the KPI’s should be easily identified against each objective, and be SMART (Specific, Measurable, Achievable, Relevant and Timely).

- When the Directorate Plans are reviewed, KPI’s listed within the Directorate Plan should be replicated within the information provided in the Performance Monitoring Reports to Members.

Other Points to Note

- The contribution, availability and openness of the Corporate Performance Manager and Corporate Performance Officer has enabled this audit to progress in a timely manner.
- Where some issues have been identified, officers were already aware of these, and there are plans to rectify the issues at the earliest opportunity.

Executive Summary – KLWN2208 Procurement and Contract Management

Our Assurance Opinion: Limited			
No. of Recommendations & Priorities			
High	Medium	Low	Total
1	7	5	13

Overall Objective and System Background
<p>To support the opinion on governance, risk management and control, a review of compliance with the Council’s Contract Procedure Rules will be undertaken to provide assurance that procurement work is being carried out in conformance with the Public Contract Regulations 2015. In addition, a sample of contracts will be taken to provide assurance across a range of Council contracts to confirm contract terms are being well monitored and managed.</p> <p>The overall objective of the audit is to ensure that Procurement and Contract Management is being undertaken in accordance with regulatory guidance, Financial Regulations, Contract Standing Orders and Scheme of Delegation, and that contracts are being managed and monitored effectively.</p> <p>The Council is required by Section 135 of the Local Government Act 1972 to make standing orders in respect of contracts for the supply of goods and services or for the execution of works. The Council’s Contract Standing Orders (CSO) ensure that:</p> <ul style="list-style-type: none"> • all contracts demonstrate value for money; • requisite behaviours are shown in terms of integrity, fairness and exposure to risk; and • contracts support Corporate and Service aims and policies. <p>Contract Standing Orders apply to all contracts awarded by the Council for works, services and supplies irrespective of the source of funding. They form part of the Council’s Constitution and must be complied with together with the Council’s Financial Regulations.</p> <p>According to the Contracts Register maintained by Procurement, the Authority has a total of 62 current contracts; of these, 17 commenced in 2022. The contracts are valued at a total of £83,805,558.</p> <p>James Hawes, the Procurement & Contracts Manager, left the Authority on 31st January 2023. An agency manager has been appointed to cover the role while the Authority seeks a substantive appointment to fill the post.</p>

Good Practice Points to Note
<ul style="list-style-type: none"> • Procurement have recently developed an e-learning module which is on the Learning Hub and which all officers will be required to complete. • Contract Standing Orders and Financial Regulations comply with the Scheme of Delegation. • Hard copy contracts are signed by all interested parties i.e., by the Director of the contractor and by an appropriate representative of the Authority. Contracts are held securely in the strongroom in Legal Services in King’s Court.

- Required contract documentation is held in accordance with CSOs. Procurement have recently introduced a checklist to ensure that each contract includes all relevant documents.
- Appropriate arrangements are in place for receipt of tenders and quotations.
- Under Clause 18 of the Authority's standard contract and Section 21 of the Authority's standard Framework Agreement, any part of the contract cannot be sub-contracted without prior written agreement of the Council.

Summary of Key Control Issues and Risks

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

- Contract Standing Orders have not been updated to reflect the requirement, post Brexit, to publish contracts above the UK thresholds in FTS, rather than in OJEU. *Risk: Procedures followed not in accordance with current legal and regulatory requirements.*
- The Contracts Register records all contracts that Procurement are involved with and/or are aware of; however, there may be other contracts negotiated by individual departments/service areas which have not been notified to the Procurement Team. The Procurement & Contracts Manager informed Internal Audit that there are instances where "rogue" contracts are set up which take time to discover and take action in regard to. Spend analysis identified six agency contracts (with a total spend of £426,424) which were not recorded in the Contracts Register. *Risk: Procurement rules not followed, value for money not achieved and contracts not regularly reviewed/exceed their expiry date.*
- Lack of evidence of procurement and contract management training being provided to relevant officers and to new members of staff as part of the induction programme. Procurement have not provided any training to senior officers or to Members recently. *Risk: Procurement and contract management practices contravene CSOs.*
- Procurement are not alerted in cases where aggregate spend exceeds CSO thresholds. Spend analysis is only undertaken on an annual basis; it is envisaged that in the future, spend analysis will be undertaken on a quarterly basis. *Risk: Contract overspends occur.*
- Not all contracts include Key Performance Indicators (KPIs) to monitor the contractor's performance against the contract. Of a sample of eight current contracts reviewed, three did not include any KPIs. *Risk: Authority not receiving services to the required standard as stipulated in the contract.*
- Lack of robust contract management and performance monitoring. Review of a sample of five contracts identified KPIs not being discussed at performance monitoring meetings with contractors and a lack of formal minutes of meetings held with contractors. In one case, no performance monitoring had been held with the contractor since the contract started in July 2022 and no performance data had been provided by the contractor. In another case, the contractor's performance data had not been validated. *Risk: Authority not receiving services to the required standard as stipulated in the contract.*
- Procurement Team do not maintain a register of all relevant PPNs issued by the Cabinet Office. Testing identified at least three relevant PPNs which Procurement had not received. *Risk: Not all PPNs are actioned by the Authority.*

- The Exemptions Register does not include the reason(s) for the exemption being requested or the appropriate CSO ref., or confirmation that the form has been signed by the appropriate Executive Director, Procurement Officer and the Monitoring Officer. Of the six agency contracts identified by Internal Audit as not being included in the Contracts Register, in four cases, there is no evidence of an exemption form having been raised. *Risk: Inappropriate and/or unauthorised exemptions to CSOs.*

Summary of Key Recommendations

One high priority recommendation has been raised:

- CSOs should be updated to make reference to the publication of contracts in FTS above the UK thresholds (replacing the reference to the publication of contracts in OJEU above the EU threshold).

A total of seven medium priority recommendations have been raised as follows:

- All service departments should notify Procurement of all expenditure over £25,000 as part of the annual spend analysis. If nothing is forthcoming, Procurement should escalate to the appropriate AD. Procurement should check that a valid contract exists before a new supplier is set up on the Finance system.
- Officers should be required to complete the Procurement online training, face to face training should be provided to senior managers/budget holders, and awareness training should be given to Members.
- Procurement should be given access to the Analyser function within Unit4 to enable them to analyse supplier spend during the year. Budget override facilities and fund check alerts should be built into Unit4 so as to alert budget managers where spend exceeds CSO thresholds.
- Procurement Team should review all current contracts to establish whether they contain KPIs and ensure that contract extensions and future procurement exercises consider performance measures within contract specifications.
- Procurement should compile a guide on contract management and performance monitoring for service departments and include this in the training provided to senior officers and budget holders. This should include the requirement to hold regular minuted meetings with contractors at which performance against contract is discussed, and validating performance data provided by contractors.
- Procurement should set up a register listing all PPNs issued by the Cabinet Office evidencing that all relevant notices have been actioned.
- The Exemptions Register should be enhanced to include the reason for the exemption, who authorised it and a link to the exemption form. As part of the training programme, Procurement should remind senior officers/budget holders of the requirement to complete an exemption form, where applicable.

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

- The Authority's Procurement Strategy should be assessed against the National Procurement Strategy to ensure that the aims and objectives of the national strategy are reflected in the Authority's local strategy.
- The actions listed in the Procurement Strategy should be implemented, such as the Procurement Team providing regular updates to MT, uploading a summary of workload onto InSite, having annual reviews with client departments managing contracts to assess the progress of their contracts, and working with departments to share best practice tender procedures.
- Procurement should set up a Training Log recording all training received by the team.
- The Procurement Team should be provided with the most current and up to date version of the Authorised Signatory Listing.
- Strategic risks and mitigating controls relating to procurement and contract management should be included in the Corporate Risk Register.

Summary of Agreed Actions

The Assistant Director, Programme & Project Delivery, has agreed to implement the following actions:

- Birketts LLP have been engaged by Legal Services to carry out a review of CSOs.
- All procurement over £25,000 will be notified to the Procurement Team.
- All officers involved in the raising of Purchase Orders on Unit4, or have involvement in purchasing and procurement, will be required to complete the procurement online training module. Procurement training will be provided to Members.
- All contracts are currently being reviewed to ensure that they include suitable KPIs; where they do not, appropriate KPIs will be included. All new contracts include KPIs.
- The Procurement & Contracts Management Officer is now starting to have reviews with those client departments that manage their own contracts and is looking to become involved in the monitoring and review of contracts by clients.
- A PPN Register will be set up recording all notices received. This will include the date each PPN was received and the date it was actioned, enabling analysis of the timeliness of implementing each PPN to be monitored.
- The Exemptions Register will be enhanced to include the reason for the exemption, who authorised it and a link to the exemption form.
- Once the National Procurement Strategy has been revised, the local Procurement Strategy will be assessed against it.
- Management Team will be asked if they would like Procurement to provide them with quarterly updates on contracts and tenders.
- Look into the possibility of entering the Procurement Team's workload onto InSite at regular intervals.
- Best practice in tender procedures is shared with client departments.
- A Training Log recording all training undertaken by members of the Procurement Team will be set up.

The Procurement Team have access to the Analyser reporting function within Unit4

to enable them to analyse supplier spend. The Group Accountant is currently working with the Procurement & Contracts Management Officer to set up a monthly report of all transactions against each supplier contract; such a report will enable Procurement to monitor contract spend to ensure that it is within agreed contractual spend limits. In addition, Procurement can now access a report listing all POs over £25,000 (they have the facility to report on POs over any amount). Group Accountant is to have a discussion with Embridge to ascertain the possibility, and estimated cost, of installing budget override facilities and fund check alerts into Unit4.

The Authorised Signatory Listing has been updated so that it now only includes officers currently working for the Authority.

The Corporate Performance Manager is to have a discussion with the Procurement & Contracts Management Officer regarding how best to reflect the corporate risks relating to key contracts/suppliers in the Corporate Risk Register.

Our Assurance Opinion: Reasonable			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	2	11	13

Overall Objective and System Background
<p>This area was last reviewed in 2011/12. Due to the nature of the statutory requirements and health and safety risk exposure an internal audit was scheduled to provide assurance on the following areas; contaminated land, air quality, water safety and actions taken by the Council to tackle fly-tipping. The overall objective of the audit is to review the systems and controls in place within Environmental Protection at the Borough Council of King's Lynn & West Norfolk (the Council). The audit will focus on air quality, contaminated land, private water supplies, and Fly-tipping to help confirm that these systems and controls are operating adequately, effectively, and efficiently.</p> <p>The individual control objectives are:</p> <ul style="list-style-type: none"> - To gain assurance of the adequacy of the controls in place within Environmental Protection to ensure compliance with Data Protection/GDPR legislation. - To gain assurance of the adequacy of controls in place to identify, maintain, monitor, comply with statutory requirements, and mitigate the risks of Contaminated Land within the borough. - To gain assurance of the adequacy of controls in place around monitoring, managing, and reporting in line with statutory requirements of Air Quality. - To gain assurance of the adequacy of controls in place to comply with Private Water Supply regulations. - To gain assurance of the adequacy of controls in place to identify, investigate, enforce incidents of fly-tipping, and proactively monitor potential/prevalent fly-tipping sites.

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"> • Private Water Supplies - To include details of the date of the last sample and the next review due for each regulation and each supply within the PWS Sampling Plan. <ul style="list-style-type: none"> - Risk: It is difficult to determine whether samples are being conducted within the specified periods prescribed within the Private Water Supply Regulations 2009. • A decision to be made on whether to use idox Uniform or the Tracking Register for the recording of all reported incidents of fly tipping. All reported incidents of fly tipping to be appropriately coded on the designated recording system for the purposes of accurately reporting data via the Waste Data Flow. <ul style="list-style-type: none"> - Risk: Potential for fly-tipping incidents to be investigated by one or more officers, whilst being unaware of those other investigations being undertaken.

- Risk: Unable to retrieve accurate data on trends and hot spots resulting in ineffective monitoring of hot spot areas / potential hot spot areas.
- Risk: Unaware of repeat offenders or sites being used during future investigations, resulting in potential inappropriate actions / case disposal.
- Risk: Inaccurate reporting for the purposes of National Reporting via the Waste Data Flow

Summary of Key Recommendations

There were no high priority recommendations raised during this audit.

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

- To include details of the date of the last sample and the next review due by date for each regulation and each supply within the PWS Sampling Plan.
- A decision to be made on whether to use idox Uniform or the Tracking Register for the recording of all reported incidents of fly tipping. All reported incidents of fly tipping to be appropriately coded on the designated recording system for the purposes of accurately reporting data via the Waste Data Flow.

A total of 11 low priority recommendations have been raised as follows:

- To carry out a review of the Contaminated Land – Land Charges procedures.
- To include prescribed target dates for acknowledging and responding to contaminated land search enquiries within the contaminated land search enquiry procedures.
- NO2 Tubes are arranged to be delivered to Socotec in a timely manner following the contract changeover.
- NO2 Diffusion Tubes procedures to be updated to reflect the new contract and processes involved once the contract is in place.
- As part of the current Private Water Supply web page review include information in respect of a description of private water supply categories and how these relate to local authority activities and associated charges.
- The Sampling of Private Water Supplies procedures were due for review in June 2021. These should therefore be reviewed.
- The Cleaner Neighbourhood Enforcement Officer Job Role spreadsheet to be amended
 - “Where Community Safety & Neighbourhood Nuisance decline to attend and there is evidence in fly tipping on relevant land we will visit before clear up by Public Open Space area teams to secure evidence before clearance and to prepare and refer this over to Community Safety & Neighbourhood Nuisance for investigation where the investigation falls within Community Safety & Neighbourhood Nuisance remit”.
- Consider the introduction of prescribed target dates for the initial inspection of the fly tipping incident.
- Cleaner Neighbourhood Enforcement Officers to adopt the Record Retention Schedule in place within the Community Safety & Neighbourhood Nuisance department for the recording and retaining of case files. The schedule needs to be updated to include Cleaner Neighbourhood Enforcement Officers.
- Consider a central evidence log for fly tipping purposes across both

Community Safety & Neighbourhood Nuisance and Cleaner Neighbourhood Enforcement Officers (alongside all cases being added to idox Uniform).

- Produce a formal procedure and/or checklist to be used when assessing the targeted approach to be taken with a prevalent fly tipping site.

Other Points to Note

Sound controls were found to be in place within the following areas:

- Sound systems were found to be in place to manage the processes to restrict user access rights to relevant, authorised personnel.
- A central record is maintained of sites within the borough where contamination of land is possible, thereby reducing the risk of potential contamination occurring where sites have been unidentified, unaccounted for and not monitored.
- Sound policy with supporting procedure notes was found to be in place for undertaking contaminated land search enquiries, thereby reducing the risk of services being provided with no charges or incorrect charges levied.
- Sound controls were found to be in place for air quality collation processes for the statutory reporting requirements.
- The Air Quality Action Plan is currently under revision and will go through a formal adoption process during 2023.
- Sound Environmental Permitting controls were found to be in place with a public register of permitted installations held on the Council's website. Environmental Permitting is contracted out to Martin Cranfield Associates.
- An adequate risk assessment programme and supporting documentation is in place and being maintained in line with sampling requirements for private water supplies, thereby reducing the likelihood of risk assessments becoming overdue and or unaccounted for, reducing the risk to people's health through drinking contaminated water and non-compliance with the Private Water Supplies Regulations 2009.
- Sound provisions were found to be in place for the reporting of incidents of fly-tipping, including an interactive mapping system on the website which allows reports to be updated and new reports added.

Executive Summary – KLWN2215 Anti-Social Behaviour

Our Assurance Opinion: SUBSTANTIAL

No. of Recommendations & Priorities

High	Medium	Low	Total
0	0	5	5

Overall Objective and System Background

Community Safety is the use of skills, knowledge and techniques to prevent and reduce crime, disorder and fear of crime and develop safer communities in which to live, work and visit. It is about preventing, reducing and tackling crime, anti-social behaviour and drug abuse; it is also concerned with strengthening community cohesion.

BCKLWN works with partner agencies through the King's Lynn Operational Partnership Team (OPT) to address anti-social behaviour in West Norfolk. The OPT includes representatives from Norfolk Police, Housing Associations and other agencies. The OPT works with both perpetrators and victims of anti-social behaviour to resolve the issue, whether this is with an individual or a group of people who are causing or suffering harm. The OPT works with Parish Councils and communities to ensure public spaces are clean and safe. The OPT works closely with the Environmental Health Team regarding complaints of environmental ASB, such as noise, graffiti, litter and dumped rubbish.

Anti-Social Behaviour (ASB) can be environmental, nuisance or personal. ASB is defined as "Behaviour by a person which causes or is likely to cause harassment, alarm or distress to one or more persons not of the same household as the person" (Antisocial Behaviour Act 2003 & Police Reform & Social Responsibility Act 2011). Examples of ASB include nuisance neighbours, groups causing harassment and intimidation, street drinking, vandalism, dog fouling, graffiti, fly-tipping, litter and abandoned vehicles. Depending on the severity, the Council has agreed levels of intervention which it can pursue to deal with ASB (in accordance with The Anti-Social Behaviour, Crime & Policing Act 2014):

- Community Prevention / Intervention – aims to prevent or reduce ASB affecting the community or environment. It includes awareness raising, Safer Neighbourhood Action Panel, ASB case reviews / community trigger, dispersal powers and public spaces protection order.
- Direct Intervention – agreed to voluntarily by the perpetrator (and victim where appropriate). It includes partnership home visit, restorative justice, Youth Inclusion Support Panel, social inclusion, Family Intervention Project, case conference and acceptable behaviour contract.
- Legal Intervention – used when the severity of behaviour warrants it, when lower level interventions have been repeatedly unsuccessful, or if the perpetrator has not changed their behaviour. It includes exclusion from home, Noise Abatement Notice, ASB Injunction, Criminal Behaviour Order, Fixed Penalty Notice, Closure Notice/Order, Drink Banning Order, possession of dwelling and Community Protection Notice.

Neighbourhood Nuisance can include the following:

- Noise nuisance – examples include loud music, barking dogs, DIY, noise from commercial and industrial premises, construction sites and prolonged ringing of burglar and car alarms.

- Bonfires or smoke
- Odour and light nuisances
- Filthy and verminous premises.

Any action taken is in line with the Council's Corporate Enforcement Policy.

Councils are required to comply with The Anti-Social Behaviour, Crime & Policing Act 2014, which includes two measures designed to give victims and communities a say in the way that complaints of anti-social behaviour are dealt with, and ensure victims' voices are heard:

- ASB Case Review/Community Trigger – gives victims of persistent anti-social behaviour the ability to demand a formal case review where the locally defined threshold is met (but not more than three complaints in the previous six month period), in order to determine if there is any further action that can be taken. The relevant bodies in the local area must agree on and publish their Case Review/Community Trigger procedures; this must include a point of contact for making an application.
- Community Remedy – gives victims a say in out of court punishment of perpetrators of anti-social behaviour when a community resolution, conditional caution or youth conditional caution is chosen.

Summary of Key Control Issues and Risks

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

- Upon receipt of an e-mail from the Personnel officer, it was found that one officer had not completed the mandatory training.
 - Risk: Officers dealing with sensitive information may not be aware of the correct processes/procedures to deal with the information appropriately.
- The auditor could find no reference to the use of the Anti-social Behaviour, Crime and Policing Act 2014 (and subsequent revisions) within the current Corporate Enforcement Policy, however areas of this legislation are included within the policy.
 - Risk: Corporate Policies are not maintained correctly, and do not reflect current legislation for this service area.

Summary of Key Recommendations

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

- Any officers who have not yet undertaken the mandatory DPA and GDPR training should do so as soon as possible.
- Consider whether Senior Management and Members would benefit from

being informed of any information already available from the department such as: -

- how many cases the department is working on;
- how many cases they have responded to;
- case outcomes; and
- how quickly they have responded to calls.

Consideration should also be given as to whether these are KPI's or just standard Performance Indicators, with the information being provided by the department on an ad-hoc basis when requested.

- Consider updating the corporate enforcement policy with more guidance about investigation procedures as outlined in latest home office guidance.
- The current Council Enforcement Policy should include reference to the Anti-social Behaviour, Crime and Policing Act 2014 (and subsequent revisions) as areas of the policy relate to this legislation.
- The current link on the Council website, (found under Community safety and crime, Anti-social behaviour) to the [Community Trigger process for Anti-Social Behaviour issues \(norfolk-pcc.gov.uk\)](#) guides you to the Norfolk County Community Safety Partnership (NCCSP) pages on the Norfolk Police and Crime Commissioner (NPCC) website. The guidance notes within the useful links on this page are dated 2014, and there have been revisions to the guidance in 2017 and most recently June 2022. The link either needs to be removed and updated to include a link to the new ASB Policy (if that recommendation is agreed), or alternatively the link needs to be updated to the latest guidance notes available from the NPCC and NCCSP webpages.

Other Points to Note

- Audit would like to thank officers for their swift responses of queries and documents when requested.

Executive Summary – KLWN2211 Accountancy Services

Our Assurance Opinion: REASONABLE

No. of Recommendations & Priorities

High	Medium	Low	Total
0	4	4	8

Overall Objective and System Background

Accountancy Services is comprised of a variety of key financial systems which feeds into the Internal Audit Opinion and the Statement of Accounts and as such requires regular review to confirm the adequacy and effectiveness of controls.

This is a new area that has not been audited by the Council in this way previously. The recommendations made in previous audit reports will be followed-up as part of this current audit.

The overall objective of the audit is to ensure the robustness of the various accounting systems (General Ledger, Control Accounts, Treasury Management, Budgetary Control and Asset Register) to enable the Head of Internal Audit to form an Internal Audit Opinion on the adequacy and effectiveness of the controls in place.

We are unable to provide assurance on the accuracy of the Asset Register. External Audit (Ernst Young) are working on finalising the valuations for the 2019/20 accounts. Until this is complete, and a valuation has been agreed between the External Auditors and the Council the Fixed Asset valuation is not known. There may be an implication in the accounting figures for the 2020/21, 2021/22 and soon the 2022/23 accounts for fixed assets depending upon the agreed figure for 2019/20.

Summary of Key Control Issues and Risks

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

- Bank account reconciliations are up to date, with the exception of the General Bank Account which at the time of the audit had only been completed up to the end of July 2022. There is no review process in place by a senior member of the Finance team. Bank reconciliations are not signed and dated by the preparing officer, and they are not checked by another officer. *Risk: Not all income received is accounted for and banked.*
- There are a number of outstanding payments in the Suspense Account which have yet to be cleared. As at 11/01/23, there were 50 outstanding payments relating to 2022/23 totalling £178,380. In addition, there are 74 payments relating to 2021/22 which have still to be cleared. *Risk: Not all income received is accounted for.*
- 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.*

Summary of Key Recommendations

One new recommendation has been identified because of this audit specifically, and previous audits had identified a further 7 key recommendations for this audit of accountancy.

A total of four medium priority recommendations have been reviewed in previous audit findings, and they are currently still within the deadline for completion. The recommendations are as follows:

- **From Income Audit – Recommendation Number 2**
Bank reconciliations should be undertaken on a regular monthly basis, soon after the end of the month to which they relate. They should be signed and dated by the preparing officer and passed to a senior member of staff for review and checking to ensure that they are accurate and to ensure that appropriate segregation of duties exists.
- **From Income Audit – Recommendation Number 4**
Direct Credits Suspense Clearing Reports should be regularly reviewed and updated with details of what actions / investigations are being undertaken to clear the items. Due by dates should be applied to the clearing of the items, and if not cleared, an escalation process needs to be implemented.
- **From Financial Governance and Budgetary Control Audit – Recommendation Number 2**
Agreed variance levels for monitoring should be established at which point they are formally investigated and reported.
- **From Financial Governance and Budgetary Control Audit – Recommendation Number 3**
Where Finance have agreed verbally with the relevant budget holder to undertake a budget virement, Finance should then email the budget holder requesting that they confirm the virement.

A total of four low priority recommendations, three of which have been reviewed in previous audit findings, and they are currently still within the deadline for completion. The recommendations are as follows:

- **New –** The Treasury Cashflow Spreadsheet should be made secure, so that only officers who require access to the information/data contained within can do so. Some areas contained within the Treasury Cashflow Spreadsheet, such as the Barclays Bank “Live” information and the Authorisation cells, should be locked so that only officers with relevant authorisation can access those areas when required.
- **From Financial Governance and Budgetary Control Audit – Recommendation Number 4**
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.
- **From Financial Governance and Budgetary Control Audit – Recommendation Number 5**
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.
- **From Financial Governance and Budgetary Control Audit – Recommendation Number 7**
The Financial Regulations should be enhanced to clearly specify the roles and responsibilities of budget holders.

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Other Points to Note
<ul style="list-style-type: none"> • There is a total of four recommendations from the previous audit of Financial Governance and Budgetary Control which have now been completed. • It is understood by the auditor that the General Bank Account has recently been reconciled up to the end of February 2023.

Executive Summary – KLWN2210 Income

Our Assurance Opinion: Reasonable			
No. of Recommendations & Priorities			
High	Medium	Low	Total

0	4	1	5
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Overall Objective and System Background

The overall objective of the review was to ensure the robustness of the controls in place over the collection, receipt, and banking of income, including cash and cheques, and for the monitoring and reporting of the receipt of income.

Summary of Key Control Issues and Risks

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

- The insurance cover in place for the transportation and safe custody of cash in general is adequate; however, the cover in place for the collection and transportation of cash by Loomis of £60,000 is insufficient. Income data for 2022 shows 10 separate occasions when the amounts collected were in excess of £60,000 over the course of 52 collections, the largest such collection being £94,900. *Risk: Financial loss to the Authority from not having adequate insurance.*
- Bank account reconciliations are up to date, with the exception of the General Bank Account which at the time of the audit had only been completed up to the end of July 2022. There is no review process in place by a senior member of the Finance team. Bank reconciliations are not signed and dated by the preparing officer and they are not checked by another officer. *Risk: Not all income received is accounted for and banked.*
- Internal Audit identified one user on the Authority’s income receipting system (Pay360) who was still listed as an active user even though they left the Authority five years ago. Finance confirmed that they were no longer an active user and that the listing had not been updated to reflect this. Finance have now updated the listing to record the individual’s correct status. *Risk: Misappropriation of cash as a result of inadequate security arrangements in place.*
- There are a number of outstanding payments in the Suspense Account which have yet to be cleared. As at 11/01/23, there were 50 outstanding payments relating to 2022/23 totalling £178,380. In addition, there are 74 payments relating to 2021/22 which have still to be cleared. *Risk: Not all income received is accounted for.*

Summary of Key Recommendations

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

- Parking Operations should review the adequacy of insurance cover with Finance prior to renewal of the policy, using the data records held, on the various elements of cover under the policy. Parking Operations should also

inform Finance what cover is required for third party money (NNDC and QEH) based upon contract details in place.

- Bank reconciliations should be undertaken on a regular monthly basis, soon after the end of the month to which they relate. They should be signed and dated by the preparing officer and passed to a senior member of staff for review and checking to ensure that they are accurate and to ensure that appropriate segregation of duties exists.
- Annual reviews should be undertaken of Pay360 users to ensure that staff who transfer roles within the Authority have appropriate levels of access to the system, and that leavers have their access removed.
- Direct Credits Suspense Clearing Reports should be regularly reviewed and updated with details of what actions / investigations are being undertaken to clear the items. Due by dates should be applied to the clearing of the items, and if not cleared, an escalation process needs to be implemented.

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

- Once updated, the Financial Regulations should state the frequency of review and the date of the next review.

Other Points to Note

- Payment methods are clearly available to the public via the Authority's website and over the phone.
- Income is received through secure methods. Post is delivered to the Post Room at King's Court where it is opened and recorded by two officers.
- Adequate security is in place to manage all cash and cheques received and banking arrangements.
- Cash, cheque and card transactions are receipted fully and accurately banked.
- Cash and cheques are counted and reconciled every day, and are promptly banked, with a full audit trail of amounts deposited.
- A cheque listing report is produced, detailing all cheques to be banked.
- Daily reports are produced and reconciled for all income streams (online, phone, Pay Point, etc.).
- Income received is automatically posted to the ledger through a daily download.

Executive Summary – KLV2202 Key Controls and Assurance

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 ensure the robustness of the annual key controls that feed into the Annual Governance Statement (AGS). For those systems not subject to an audit review within the year more coverage will be provided in those areas. Although the annual key controls that feed into the AGS have been audited previously, they have not been audited in this way historically.

During the audit, sample testing was carried out across a range of financial control areas and concluded that key controls are robust in each area. These areas included: -

- Accounts Payable;
- Payroll;
- Council Tax & National Non-Domestic Rates (NNDR); and
- Housing Benefits and Council Tax Subsidy.

Summary of Key Control Issues and Risks

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

- The Action Plan arising from the previous AGS is reviewed and monitored and updated in relation to action taken. However, actions are not prioritised in terms of being high, medium or low priority, a revised due date is not given if the action is still ongoing, and it is not immediately apparent from the update as to whether the action has been completed, is currently in progress or is outstanding. *Risk that agreed actions are not implemented.*
- After various discussions involving the Group Accountant, Assistant Accounting Technician and Finance Officer, the following was agreed: -
 - There is a report (ASUHEADER) that can be extracted from Unit 4, either in Excel or PDF format, that shows where there have been changes to supplier details. There are a closed number of officers who can amend the system. We have reviewed the controls in place for supplier details and found robust controls over processes for segregation of duties and notes on the system to inform of changes.
 - However, the details in the report for some instances do not clearly identify what the difference has been. *Risk that supplier information could be amended without verification, and fraudulent activity could occur without knowledge.*

Summary of Key Recommendations

Two low priority recommendations have been raised as follows:

- Each action listed in the Action Plan appended to the AGS should be prioritised as high, medium, or low priority, include a revised due date if still outstanding, and be RAG-rated so that it is easy to identify whether the action is complete, in progress or outstanding.
- Finance should include a process/procedure to ensure all supplier amendments are correct and verified.

Other Points To Note

It was noted during the review of the Authority's Annual Governance Statement (AGS) that some other Local Authorities have adopted a system of self-assessment Assurance Statements where senior managers, typically at Assistant Director or equivalent level, detail the relevant governance controls within their particular service area and then sign the Assurance Statement certifying the details as correct. The completed Assurance Statements from each service area are then collated to form the basis of the Authority's AGS.

For example, North Norfolk District Council use a self-assessment Assurance Statement template asking each AD whether particular controls are in place or not; if they are not in place, or if only partially, then the AD notes what action is to be taken to implement that particular control. The Assurance Statement covers a number of control areas, such as:

- Procedures
- Effectiveness of Key Controls
- Alignment of Services with Corporate Objectives, Service Planning, Performance Management and Customer Satisfaction
- HR
- Finance
- Risk and Control
- Health & Safety
- Procurement
- IT
- Business Continuity.

It is therefore suggested that the good practice point of using self-assessment Assurance Statements adopted by other Local Authorities be considered for inclusion in the process used by the Authority in compiling its AGS.

Good Practice Points In Use Currently

- Officers in all areas audited have been very cooperative regarding meeting requests and information requested.
- Where minor document amendments have been discussed during the audit, these have been amended in a timely manner prior to the audit completion.

Our Assurance Opinion: Reasonable			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	1	8	9

Overall Objective and System Background
<p>The overall objective of the audit was to ensure that robust arrangements are in place for the management and governance of the Towns Fund grant, for the process of compiling and agreeing the business case for each project, the monitoring and reporting of progress of each project, and for the identification and management of risks relating to each project.</p> <p>Following a request from the Corporate Performance Panel (CPP), the Internal Audit team carried out a review in August 2022 into how the King's Lynn Town Deal Board (KLTDB) was initially set up. This report made a number of recommendations which have been followed-up as part of this current audit.</p> <p>This audit was carried out during February and March 2023 in liaison with Economic Development. The audit has involved reviewing the Towns Fund projects and provides assurance over the robustness of the current governance arrangements.</p> <p>As reported to Cabinet on 8th June 2022, the Town Deal funding of £25M, split between the six projects (Riverfront Regeneration, Guildhall, Multi-User Community Hub, Active & Clean Connectivity, KL Youth Retraining Pledge and Public Realm) are supplemented with match funding of £12,056,707, making a total programme cost of £37,056,707. This includes programme management costs of £404,000.</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"> The KLTDB did not initially include representatives from local parish councils when the Board was established in January 2020; therefore, it would appear that the Board did not fully comply with the Towns Fund Prospectus, issued in November 2019, which stated that all tiers of local government <i>must</i> be included. However, this changed in June 2020 when the Towns Fund Guidance was issued which changed the terminology to <i>should</i>. <i>Risk: Board fails to meet the Government's set up requirements.</i>

Summary of Key Recommendations
<p>One medium priority recommendation has been made:</p> <ul style="list-style-type: none"> The KLTDB should consider formally minuting that they are satisfied with the decision made to not conform with the guidance relating to including representatives from local parish councils and outline the reasons why they consider they do not feel it is appropriate. <i>This matter was considered by the KLTDB on 09/09/22 and no further action was considered necessary.</i> <p>A total of eight low priority recommendations have been made, seven of which relate to the CPP report and one is a new recommendation:</p> <ul style="list-style-type: none"> The KLTDB should consider revising its Terms of Reference to include all of

the role and responsibilities of TDBs as detailed in the government's Towns Fund Guidance, such as reference to undertaking any required Environmental Impact Assessments and/or Public Sector Equalities Duties. *The KLTDB agreed revised ToR in April 2023; the Board's role was clarified as a strategic board, rather than an operational management board. The Board will continue to meet its statutory requirements. Therefore, it was not considered necessary to add in these elements to the ToR.*

- Consideration should be given to the Board seeking to understand why some of the private sector representatives lost engagement with the project. *The Board was downsized to create a core remaining group, fully engaged and committed in taking the Town Deal forwards. One private sector board member has recently left; therefore, plans are in place to recruit a new private sector board member by the end of July 2023.*
- An Action Log should be maintained recording all actions identified at KLTDB meetings. *Actioned; KLTDB now have an Action Log which is reviewed at each meeting.*
- All KLTDB Board Members should be required to submit a declaration of interests (DOI) form on an annual basis to the Monitoring Officer (MO). *Actioned; DOI forms are required to be refreshed on an annual basis.*
- KLTDB Board Members should be reminded of the need to submit their completed DOI form to the MO promptly so that their declaration of interests on the Vision King's Lynn website can be updated in a timely manner. *Actioned; DOI forms are required to be refreshed on an annual basis.*
- The KLTDB's Register of Members' Interests should be updated to reflect the current membership of the KLTDB. *Actioned; KLTDB's Register of Members' Interests has been updated.*
- A Register of Gifts & Hospitality for KLTDB should be maintained by the MO. KLTDB Board Members should be reminded of the requirement to inform the MO of any gifts or hospitality offered or received. The MO should require KLTDB Board Members to submit an annual declaration return relating to gifts and hospitality. *Actioned; register of gifts & hospitality created and is available on the Vision King's Lynn website and training on the reporting of gifts and hospitality was provided to KLTDB Members on 30/09/22.*

One new low priority recommendation has been made:

- The KLTDB Programme Board Action Log should state for each outstanding agreed action the name of the officer responsible, current status and a target date. *Actioned; the Action Log now includes the responsible officer, current status and target date. The Action Log is reviewed at each KLTDPB meeting.*

Other Points to Note

Assurance work has been undertaken in this area during 2022/23 by the Internal Audit team as it was highlighted as a significant risk.

Following a request from the Corporate Performance Panel, the Internal Audit team carried out a review in August 2022 into how the King's Lynn Town Deal Board was initially set up, the review covered the following areas:

- The Government remit around the Town Deal Board set up requirements.
- Processes undertaken to set up the Town Deal Board (including the

involvement of the consultant, Metro Dynamics).

- How the Town Deal Board was set up initially and whether it met the requirements set.
- Variations in the membership of the Town Deal Board since its inception, how it has evolved and assessing whether it has continuously met the requirements set by Government.

Of the eight recommendations that were made, five have been implemented.

A Position Statement on the Council's Project Management Framework was undertaken in quarter four of 2022/23. This work examined the Council's approach to approving and managing, among others, Town Deal projects such as the Youth Retraining Pledge and Public Realm. Several suggested actions were raised around conformance with best practice, each of which were agreed with management with a due date of 31st December 2023. Ten of these related directly to the Towns Fund projects; each one is currently in the process of being implemented.

The Vision King's Lynn website is now up to date with copies of Board minutes and agendas and with copies of Board papers. The last TDB meeting, held on 24th March 2023, includes the agenda, the draft minutes of the meeting and the Board papers on the website. It was previously noted that minutes of meetings were not available on the website; however, this has now been resolved.

It should be noted that the only guidance available at the time the TDB was created was via the Towns Fund Prospectus dated November 2019; the TDB had to be set up by the end of January 2020 as per government funding requirements. The Towns Fund Guidance was not published until June 2020. It should be noted that the Towns Fund Prospectus, issued in November 2019, stated that the measures *must* be followed; however, this changed to *should* under the Towns Fund Guidance issued in June 2020.

In terms of transparency requirements within the Prospectus, there were no specific measurements for these in terms of time frames (these were introduced in the Towns Fund Guidance in June 2020) e.g., page 63 of the guidance:

In line with the principles of public life, it is important that there is transparency around the operation of the Town Deal Board. Transparent decision making is supported by the publication of information on the Lead Council's website, and we expect the following standards to be applied:

- *A documented decision-making process outlining the voting rights of the Board to be published;*
- *Profiles of Board Members to be published;*
- *All Board papers to be published on the Lead Council's website in advance of the meeting (within 5 clear working days);*
- *To promptly publish draft minutes of meetings on the Lead Council's website following the meeting (within 10 clear working days);*
- *To publish final minutes on the Lead Council's website, once approved by the Board (within 10 clear working days);*
- *Any conflicts of interest reported to be formally noted within the published minutes.*

It is important that the Town Deal Board abides by Lead Council governance and finance arrangements when considering private reports, with the default

position being that all papers are open to the public.

Towns Fund Guidance at 5.5 states: *Take into account all the guidance in this document and the prospectus, including clean growth, community engagement, mitigating against Covid-19 related challenges, etc. You should set out how each aspect is relevant to your context rather than feel you have to take everything on board as a blueprint.*

An Interim Projects Technical & Delivery Advisor produced a Project Maturity Assessment in March 2023 to help determine where major project framework maturity currently stands, where the Authority aspires to be in terms of the standards it is aiming to achieve and how it intends to achieve it. An Improvement Plan is being drafted which will assist the Authority in raising the standards of projects.

External consultants were used for the verification of the Green Book five case business model development for the projects under the Town Deal.

The KLTDPB receives a regular monthly report detailing the progress of each TD project. The progress of each TD project is discussed at each TDB board meeting and recorded in the minutes.

At each meeting of the KLTDPB, the Corporate Performance Manager presents the Programme Risk Register to the Board, which details those risks relating to the TD Programme as a whole, rather than those risks which are specific to each project.

Our Assurance Opinion: Reasonable			
No. of Recommendations & Priorities			
High	Medium	Low	Total
0	2	6	8

Overall Objective and System Background

Accounts Receivable is a key financial system which feeds into the Internal Audit Opinion and the Statement of Accounts and as such requires regular review to confirm the adequacy and effectiveness of controls.

The overall objective of the audit is to ensure the robustness of the Accounts Receivable system for the raising of debtor invoices, that invoices are raised accurately and in a timely manner for goods and services provided by the Authority, that payments received are accurately recorded and banked in full, and that debts are monitored and reported upon in a timely manner.

The previous Internal Audit review of the Accounts Receivable system was undertaken during 2018/19, with the final report, issued in February 2019, giving an overall opinion of Substantial Assurance (equivalent to Reasonable Assurance as per the current assurance levels used).

Summary of Key Control Issues and Risks

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

- Only four of the top 12 write-offs by value for 2022/23 would appear to have been appropriately authorised in accordance with the Authorised Signatories Listing (ASL); one officer is not included on the ASL, two officers are not authorised to write-off debts, and one officer exceeded their write-off limit. Write-off limits are currently being reviewed by the Financial Services Manager (FSM). It is envisaged that write-offs will be included in workflow on Unit4 thereby enabling digital authorisation, with write-offs over a certain amount being forwarded to S151 Officer for sign-off as well. Risk: *Inappropriate / fraudulent write-offs made leading to loss of income.*
- Debt write-offs are not reported to senior management; this is currently being considered and the FSM is reviewing the kind of information which could be included in the report. Risk: *Inappropriate / fraudulent write-offs made leading to loss of income.*

Summary of Key Recommendations

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

- It should be ensured that debt write-offs are appropriately authorised in accordance with the ASL. The Group Accountant should collate the reason for the debts and for the write-offs for presentation to the FSM for retrospective consideration resulting either in approval or re-instatement of the debt.
- Debt write-offs should be regularly reported to senior management; they should include the name of the debtor, reason for write-off, age of debt, amount written-off and recovery action undertaken.

A total of six **Low** priority recommendations have been raised as follows:

- The Financial Regulations and/or local procedure notes regarding the raising of sales orders/invoices should be amended to specify a minimum financial value at which an invoice should be raised. Where low value invoices are raised, more cost efficient ways of processing should be examined, such as the potential for collating low value invoices and invoicing such customers less frequently.
- Local procedure notes should be enhanced so that they detail the types of controls that are in place and guidance to officers on what needs to be done to adhere to Financial Regulations.
- The Authority should compile a Corporate Debt Policy to provide guidance to staff and customers as to how the Council collects debts owed to it and the stages that are gone through to do this, how customers can contact the Council for advice, and sources of independent advice.
- Consideration should be given to compiling local procedural notes detailing the overall processes involved in the collection and banking of income, and the need to adhere to Financial Regulations.
- The Financial Regulations and/or local procedure notes should be updated to detail the process for the monitoring and reporting of debts, and the frequency of reporting to appropriate groups/committees.
- Consideration should be given to benchmarking the Authority's debt collection performance against other Local Authorities, with the results used to improve debt collection performance.

Other Points to Note

The following recommendation was raised within the 2022/23 Income Report and is relevant to this audit. There are a number of outstanding payments in the Suspense Account which have yet to be cleared. As at 11/01/23, there were 50 outstanding payments relating to 2022/23 totalling £178,380. In addition, there are 74 payments relating to 2021/22 which have still to be cleared. *Risk: Not all income received is accounted for.*

- **Income – Recommendation Number 4** - The Direct Credits Suspense Clearing Report should be regularly reviewed and updated with details of what actions / investigations are being undertaken to clear the items. Due by dates should be applied to the clearing of the items, and if not cleared, an escalation process needs to be implemented.

A former Assistant Director (AD) was recorded on the Authorised Signatory Listing (ASL), with an authorisation limit of up to £1M and approval of debts for write-off of up to £5k. The officer left the Authority in January/February 2022. Internal Audit informed the Finance Officer and recommended that the listing be updated; the Finance Officer confirmed that the ASL report should have been updated to show the new AD Health, Wellbeing & Public Protection; the Finance Officer updated the ASL accordingly. It was noted that the new AD was recorded on the signing mandate as the authorising officer.

Good Practice Points to Note

- Only those officers within the Accounts Receivable (AR) Team can suppress

reminder notices, and amend, write-off and cancel debts; none of the officers within the AR Team have any income collection duties.

- Debtor invoices are raised in a prompt and timely manner.
- There are a number of payment methods available to customers to enable them to pay the debt.
- Credit Notes are required to be authorised by the appropriate cost centre authoriser prior to being issued.
- Appropriate separation of duties exists between raising invoices, income collection and the writing-off of debts.
- Reminders are sent out within specified timescales.
- Prompt and effective recovery action is taken, including the use of an external debt collection agency.
- Debtors reports show actual debt levels split between planned and non-planned debt, aged debt analysis and trend analysis over previous months.
- Power Bi debtor reports are currently being developed to analyse and report on aged debts.

Executive Summary – KLWN2217 Economic Growth

Our Assurance Opinion: SUBSTANTIAL

No. of Recommendations & Priorities			
High	Medium	Low	Total
0	0	3	3

Overall Objective and System Background

The overall objective of the audit is to gain assurance that adequate progress has been made regarding the Council’s objectives relating to local employment and skills and attracting investment to the Borough.

The progress of the individual objectives is monitored through a quarterly report of Key Performance Indicators (KPI’s) to the Corporate Performance Panel. The Corporate Risk Register (CRR) lists SR3 - Facilitating and enabling growth within the new rationalised strategic and corporate risk. During the Business Planning and Performance Management audit undertaken in November 2022, this risk had been proposed as having a major impact and an almost certain likelihood of occurrence, resulting in a risk score of 20 which is Very High on the Risk Matrix. This score though has been reduced from a previous score of 25.

A previous audit of Regeneration and Economic Development was carried out in October 2021, and a Substantial Assurance (equivalent to Reasonable on our current assurance criteria/matrix) was provided at the time.

The Council itself does not have an economic growth strategy, instead it follows the New Anglia Local Enterprise Partnership (NALEP) Economic Strategy which has recently been updated in 2022. The Strategy clearly demonstrates alignment with the six priority areas within the BCKLWN Corporate Business Plan, as shown by the areas highlighted below. However, some of the detail and information contained within the NALEP Strategy is not necessarily related to King’s Lynn and West Norfolk, and so therefore the Council could develop a more localised strategy.

The NALEP Economic Strategy is the blueprint for how local authorities, businesses large and small, business support organisations, Voluntary Community and Social Enterprise (VCSE) organisations, colleges, universities, independent training providers and the Local Enterprise Partnership (LEP) will work together, aligning relevant actions and investment, to build a cleaner, stronger, and more productive economy where everyone benefits.

Summary of Key Control Issues and Risks

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

- The current performance indicators reported to Corporate Performance Panel (CPP) do not appear to include information related to economic growth across the borough. There are indicators relating to industrial property, and rent arrears, planning applications and delivery of new homes but nothing specifically related to economic growth.

Risk
Management and Members are not fully informed of Economic Growth performance indicators, as some indicators are located in a separate priority section of the CPP report.

- Land and Property acquisitions are largely done on an individual/project specific requirement basis, as there is not a specific economic growth strategy in place regarding land or property acquisitions.

Some acquisitions are made in the knowledge that there may not be a financial return on the investment for many years.

Risk: Without an overarching Economic Strategy, land and property acquisitions may not fully consider the required infrastructure and financial cash flow implications before purchase.

- The Project Board Terms of Reference states in Remit 7 that “To ensure that all relevant project documents are stored on the West Winch Growth Area site, on Insite (the Council’s intranet)”. However, the Democratic Services Officer has stated that Mod.gov is used to put the documents together and they are not published on either the intranet or internet.

When asked how the documents were available for viewing, the Housing Strategy Officer confirmed that internal documents are stored on the departmental F: drive and Teams. The Housing Strategy Officer also said that document storage would be discussed at Board level and in light of the new project management system currently being implemented.

Risk: Project Board is not adhering to its own Terms of Reference and documents are not as available as expected.

Summary of Key Recommendations

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

- Consider including performance indicators that relate to Economic Growth, which are currently reported within other sections of the CPP report, to also be included within the relevant priority section of the CPP Report. This would enable all areas of Economic Growth performance to be viewed in one place.
- Consider the creation of an Economic Growth Strategy, that would align the proposed strategic land and property acquisitions to an overall objective(s).
- The West Winch Growth Area Officer Project Board should comply with its own Terms of Reference (re: Remit Number 7) and ensure that all relevant project documents are stored on the West Winch Growth Area site, on Insite (the Council’s intranet).

Other Points To Note

- The following advisory point was raised during the Project Management Framework position statement and is relevant to findings raised within this audit;

- There does not appear to be a formal and consistent approach to appraising land and property acquisitions, to enable acquisitions and long-term projects to be assessed on their value for money and socio-economic benefits.
- **Project Management Framework – Action. 7**
When considering future projects there should be a more robust assessment and approach to Value for Money, and decision-making processes.
- When discussing queries related to Named Officers or Job Titles within documents with the Housing Strategy Officer, this has been taken on board and Terms of Reference documents will be amended at Project Board Level.

Executive Summary – KLWN22 Software Licenses

Our Assurance Opinion: SUBSTANTIAL

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

Overall Objective and System Background
<p>The overall objective of the audit is to gain assurance of the adequacy of the software management within the Council and the renewal process for the various software licences. The area of Software Licences has not previously been audited.</p> <p>There are various risks that have been identified in connection to ICT on the Corporate Risk Register (CRR). The main risk identified is Data Management and Security (SR6). ICT is also mentioned within risks related to Continuity of service (SR5) and Reputation Management (SR8).</p> <p>The risk of Data Management (SR6) includes the deliberate or unintentional loss/disclosure of personal, sensitive, confidential or business critical information or breach of information governance legislation. This area has been audited within ICT Disaster Recovery in May 2022, Cyber Security in 2021 and an external assurance report on Cyber Security which will be published later this year.</p> <p>The Microsoft Enterprise Agreement is a volume licensing agreement, designed to offer best value to organisations with over 500 users or devices. As well as licensing the products and services already in use, the Enterprise Agreement gives immediate access to the latest technology releases, software updates and patches.</p> <p>Microsoft products provide the backbone for the ICT infrastructure at the Borough Council, providing a suite of services including:</p> <ul style="list-style-type: none"> • Audio and video conferencing (e.g., Teams) • Office software (e.g., PowerPoint, Word, Excel, Outlook.) • Intranet and file sharing • Cloud services and storage (OneDrive) • Email cloud services • Windows Enterprise server and client operating systems • User accounts and access • Database servers for our business applications • Operating system deployment/PC imaging • Remote access services • Multi-factor authentication for externally hosted applications • Disk encryption • Mobile device management

Points to Note
<ul style="list-style-type: none"> • Where procurement of software contracts was unable to follow the usual renewal process, an alternative procurement route was followed to ensure continuity of

service for the Council.

- Due diligence exercises were undertaken prior to licence renewals to ensure the Council were only charged for licences required.
- The previous Microsoft agreement in October 2019 provided a saving of circa £70,000 to the Council, whilst at the same time having several benefits such as enabling homeworking possibilities, which proved extremely useful during the COVID19 pandemic allowing the Council to continue delivering essential services.
- Licences are managed effectively by the System Administrators responsible, with all licences tested having effective ways of reporting and resolving issues when they arise.
- Licence renewals are managed and monitored effectively to ensure continuity of service.
- The use of Software Centre is enabling ICT to ensure the software in use is compatible with the current machines, and that officers and members can only access relevant software dependent upon their role(s).