

# Eastern Internal Audit Services



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

**Internal Audit Progress Report**

**Period Covered: 25 July 2023 to 26 October 2023**

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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 April 2023, the Annual Internal Audit Plan for the year was presented to the Audit Committee. Since then, there has been one change to the plan as outlined below:

Audit	Justification
KLWN2309 Organisational Development - Training	This audit has been deferred to the 2024/25 Internal Audit plan at the suggestion of senior management. Due to the Local Government Association (LGA) Peer Review an external review of organisational development has been commissioned. The results of this are to be fed back to Internal Audit from Becky Box (Assistant Director, Central Services) for the Annual Opinion.

## 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 129 days of programmed work has been completed, resulting in 43% of the total Internal Audit Plan for 2023/24.

#### 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 four reports have been finalised from the 2023/24 Internal Audit Plan:

Audit	Assurance	High	Medium	Low
KLWN2304 Counter Fraud and Corruption Framework	Substantial	0	0	3
KLWN2320 Starters, Movers, Leavers	Limited	3	2	8
KLWN2303 Complaints and FOIs	Reasonable	0	5	8
KLWN2318 Land Charges	Reasonable	0	4	6

4.4 As can be seen in the tables above as a result of these audits a total of 39 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.

## 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>										
Counter Fraud and Corruption Framework	2304	10	10	10	Final report issued on 25 September 2023.	Substantial	0	0	3	Nov-23
Organisational Development - Training	2309	12	0	0	Audit deferred to 2024/25.					
Public Open Space incl. play areas, tree management	2313	15	15	13	Fieldwork concluding.					
Land Charges	2318	10	10	10	Final report issued on 2 October 2023.	Reasonable	0	4	6	Nov-23
Starters, Movers, Leavers	2320	10	10	10	Final report issued on 26 September 2023.	Limited	3	2	8	Nov-23
<b>TOTAL</b>		<b>57</b>	<b>45</b>	<b>43</b>						
<b>Quarter 2</b>										
Corporate Governance	2301	12	12	8	Fieldwork underway.					
Complaints and FOI	2303	12	12	12	Final report issued on 21 August 2023.	Reasonable	0	5	8	Nov-23
West Norfolk Housing Company Ltd	2311	15	15	10	Fieldwork underway.					
West Norfolk Property Ltd	2312	15	15	10	Fieldwork underway.					
Waste Management	2314	10	10	7	Fieldwork underway.					
Housing Standards/HMO	2315	12	12	1	Scoping underway.					
Economic Growth	2317	12	12	8	Fieldwork underway.					
Community Infrastructure Levy	2319	12	12	10	Fieldwork concluding.					
<b>TOTAL</b>		<b>100</b>	<b>100</b>	<b>66</b>						

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations			Date to Committee
							High	Medium	Low	
<b>Quarter 3</b>										
Cost Management Programme	2305	12	12	0						
Local Council Tax Support and Housing Benefits	2307	15	15	1	Scoping underway.					
Payroll and HR	2308	15	15	0						
Capital Programme	2310	12	12	0						
<b>TOTAL</b>		<b>54</b>	<b>54</b>	<b>1</b>						
<b>Quarter 4</b>										
Key Controls and Assurance	2302	15	15	1	Scoping underway.					
Council Tax and NNDR	2306	15	15	0						
Homelessness and Housing Options	2316	12	12	0						
IT Governance	2321	10	10	1	Scoping underway.					
<b>TOTAL</b>		<b>52</b>	<b>52</b>	<b>2</b>						
<b>Audit Management</b>										
EIAS Audit Management inc follow up	N/A	50	50	17						
<b>TOTAL</b>		<b>50</b>	<b>50</b>	<b>17</b>						
<b>TOTAL</b>		<b>313</b>	<b>301</b>	<b>129</b>			<b>3</b>	<b>11</b>	<b>25</b>	
<b>Percentage of plan completed</b>				<b>43%</b>						

**APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES 2023/24**

**Executive Summary – Counter Fraud and Corruption Framework**

Our Opinion	
<b>Substantial Assurance</b>	Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
1. Appropriate governance controls are in place.			1 & 2
2. Appropriate management reporting and monitoring is in place.	None		
3. Appropriate controls are in place for the recording and management of anti-fraud and anti-corruption activities.			3
4. Appropriate risks have been identified and are managed effectively.	None		
<b>High</b> Control issue on which action to implement should be taken within 1 month.	<b>Medium</b> Control issue on which action to implement should be taken within 3 months.	<b>Low</b> Control issue on which action to implement should be taken within 6 months.	

Overall Objective and System Background
<p>The last audit of Counter Fraud and Corruption was undertaken in 2019/20, and received Substantial Assurance at the time and was therefore proposed for inclusion in the 2023/24 audit plan.</p> <p>The overall objective of the audit was to examine the Council's approach to fraud in line with the checklist provided as part of the new Fighting Fraud and Corruption Locally Strategy 2020 and suggest practical recommendations for improvement where required. The review also covered the Council's RIPA policy.</p> <p>Although the Senior Internal Auditor line manages the auditor who has undertaken this engagement, the report has also been independently reviewed by the Head of Internal Audit at EIAS, who has no responsibility for counter fraud controls.</p> <p>Where people commit fraud against the Council, they take money away from the services we deliver on which the public depend, and damage citizens' trust in the Council. The Borough Council of King's Lynn and West Norfolk is committed to protecting the public funds entrusted to it.</p>

The Government's "Economic Crime Plan" published in June 2019 stated that the number of fraud offences rose by 12% during 2018 to 3.6 million, constituting a third of all crimes in the UK. As of September 2022, fraud is now the most common offence in this country, amounting to 41% of all crime in the year.

The government is due to publish guidance on reasonable fraud prevention procedures, the "Economic Crime and Corporate Transparency Bill" which has already received Royal Assent will come into force introducing these new offences. As a government authority we will all be in scope for these new offences as an organisation meeting two out of three of the following criteria:

- more than 250 employees, more than £36 million turnover and more than £18 million in total assets.

The Senior Internal Auditor provides half yearly (April-September) and full financial year fraud and error progress reports to the Audit Committee. The report provides the following information to the Committee Members: -

- Progress towards the Anti-Fraud & Anti-Corruption Key Performance Indicators assigned to the Internal Audit Department.
- Statistical information in respect of fraud and error detection for applications and claims received by the Council deemed to have been false, incorrect, or where a relevant change in circumstances has failed to be declared resulting in a financial gain or where an error has been identified and amended.
- Statistical information in respect of traced debts where the Internal Audit Team have been contacted for assistance.
- Statistical information in respect of fraud and error detection for grants retrospectively identified as having been paid to customers/businesses who were not eligible.
- Statistical information in respect of data matching activities undertaken through the National Fraud Initiative (NFI) and Norfolk Fraud Hub.
- The pipeline of upcoming projects and anti-fraud and anti-corruption related activities that will be undertaken/progressed during 2023/24 financial year.

Section 5 of the Anti-Fraud & Anti-Corruption Policy recognises that the Council as a large organisation is at risk of loss due to fraud and corruption both internally and externally. The Policy sets out the approach that the Council uses to manage the risk of fraud and corruption and minimises the losses incurred.

The half yearly and annual reports are presented to show performance against the Anti-Fraud & Anti-Corruption Policy for Audit Committee to review the effectiveness of the policy and how the Council measures against the national counter-fraud standards (as set out within the Anti-Fraud & Corruption Policy and the Fighting Fraud & Corruption Locally 2020 Standards), including where appropriate details of corrective action where standards have not been met. The report includes details of the level of fraud loss and the activities being undertaken to raise the anti-fraud & anti-corruption culture across the Authority.

### Good Practice

- As well as complying with its statutory duty as a Local Authority under Section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs, which includes the prevention, detection and deterrence of fraud and corruption, the Council is also additionally compliant with the Fighting Fraud and Corruption Locally (FFCL) Standards, which the latest version of FFCL is from August 2020.
- Even though the Anti-Money Laundering Policy is not a statutory/legislative requirement for the Council to have, it is considered best practice for the authority to have one, hence why BCKLWN has a policy.
- The Council engages in joint working exercises with 3<sup>rd</sup> party organisations to prevent and detect fraud, such as the National Fraud Initiative (NFI), the Norfolk FraudHub and National Anti-Fraud Network (NAFN).
- The Anti-Fraud and Anti-Corruption Policy was sent via e-mail to ALL Members on 26/05/23, just after the most recent elections.
- There are also E-learning packages available on the Learning Hub regarding Fraud Awareness for both Employees and Members.

### Summary of Key Recommendations

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

- Consider including within the Non-Collusion/Prevention of Corruption document, which Procurement ask contractors to sign as part of the tender/quotation exercise, that the Council has a suite of anti-fraud policies (Anti-Fraud and Anti-Corruption Policy, Anti-Money Laundering Policy, Whistleblowing Policy etc.), and we would expect contractors to read and abide by our policies if they do not have similar policies in place themselves.
- Those policies that are overdue for review should be reviewed as soon as possible, to ensure the information being provided is current and up to date.

The current overdue policies are the Anti-Money Laundering Policy (review due in August 2022) and the Whistleblowing Policy (review due in January 2020) – Currently being reviewed by Legal Services.

- The myriad of documents within the Investigation Procedure Manual should be reviewed to identify whether documents are: -
  - still required,
  - still relevant or have been superseded in legislation/guidance,
  - required to be reviewed,
  - following the correct templates.

### Other Points to Note

- Fraud calculation methodology's were amended in 2019/20 to align them to the calculations set out by the Cabinet Office, which helps to compare fraud results to other local authorities.
- There has recently been a prolonged 'Communications Strategy', over almost a year, developed by the Senior Internal Auditor, Internal Auditor and the Communications & Engagement Officer. The 'strategy' has been to produce some small articles to be included within the weekly Staff Briefings e-mail to all officers.



## Executive Summary – Starters, Movers, Leavers

### Our Opinion

#### Limited Assurance

Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
5. Appropriate documentation and procedures are in place	0	2	4
6. Appropriate Policies are in place	0	0	0
7. Appropriate Controls are in place	0	0	2
8. Appropriate processes are in place to provide assurance of risk management of the system	3	0	2
<b>High</b> Control issue on which action to implement should be taken within 1 month.	<b>Medium</b> Control issue on which action to implement should be taken within 3 months.	<b>Low</b> Control issue on which action to implement should be taken within 6 months.	

### Overall Objective and System Background

There has been no previous audit of the Starters, Movers, and Leaver's process. The overall objective of the audit was to gain assurance that controls in respect of systems and procedures for;

- (i) engaging new employees,
- (ii) processing employees moving between roles, and
- (iii) employees leaving the Council, including providing the IT department with information in a timely manner are operating effectively.

### Summary of Key Recommendations

A total of 3 high priority recommendations have been raised as follows:

1. Conduct a full review of assets and equipment held across the organisation and update the Asset register accordingly. Include ICT Loan agreements within the review process.
2. Line managers must ensure that any work undertaken by their team members is held within the ICT estate and networks, through ensuring appropriate access is provided as necessary. A reminder to be issued to managers with direct reports to ensure that they are aware of the need to complete and return new starter forms promptly.
3. The process for removing leavers ICT access needs to be timely. Ideally the

access should be removed on the first working day after the employee leaves the organisation. The frequency of the issuing of the leavers list needs to be reviewed to ensure it can allow for the prompt removal of access to staff who leave the authority. The leavers list needs to also distinguish if the employee has left a role but continue to be employed in another role.

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

1. An overarching procedure document to be introduced outlining the roles and responsibilities for New Starters, Transfer of Roles and Leavers for ICT, Personnel, Line Managers, Information Asset Owners, and Employees.
2. Review the list of system administrator recipients that receive the full leavers list to produce a more targeted list of key contacts that receive the list. This list should also include transfer of roles and be made available to system administrators. Wording to be included in the new overarching SML procedures outlining the roles and responsibilities.

A total of 8 low priority recommendations have been raised as follows:

1. Consider introducing a web-based ICT forms relating to new starters, transfers, and leavers with mandatory fields. Review the ICT Leavers form and update appropriately, inc. to request information relating to Software. Create a specific "ICT change of role/transfer" form to ensure that all the relevant information required when staff transfer between departments is captured.
2. ICT to consider creating local written procedures/checklist detailing the new starter, transfer of roles and leavers processes undertaken.
3. As part of the overarching procedures for Starters, Movers, and Leavers introduce a Line Manager review between the former and new manager of the employee transferring roles to review access requirements, licensing arrangements, and equipment/assets for appropriate communication to Personnel, ICT, and Information Asset Owners.
4. Introduce a short exit meeting questionnaire for line managers to complete with departing staff who have resigned from the organisation.
5. Introduce a process for following-up and escalation for the appropriate and timely return of equipment, such as to a lead Assistant Director who can then raise this with Senior Leadership Team. Processes to include details of the management of the ICT Asset Register and Asset disposal policy.
6. Introduce local procedure notes to ensure the prompt review of OneDrive and Email accounts by line managers of staff leaving the authority. Procedures to include roles and responsibilities and the steps required.
7. Once the new policies/procedures have been produced, they need to be held in an accessible area (such as InSite, CiphR) where they can be easily accessed by Personnel, Managers, Information Asset Owners, and employees.
8. Review the process for deleting any personal information linked to licences and accounts of users who have left the organisation. Record, retention, and disposal schedules to be considered to outline the period considered to be necessary for the purpose it was initially recorded.

### **Good Practice and Other Points to Note**

The following good practice has been identified during the audit:

- Appropriate pre-employment checks such as references, health checks, DBS checks, Asylum checks, qualification checks, etc. are being carried out prior to new employees commencing employment.
- Induction training is promptly carried out and recorded.
- Service Desk calls for Starters, Movers and Leavers are being processed in a timely manner by ICT.
- Equipment is being appropriately recorded and issued for new starters in a timely manner.
- Transfer of roles are being appropriately logged with ICT and processed in a timely manner.
- ID and security badges are being appropriately issued to new starters and access is being removed from leavers in a timely manner.

## Executive Summary – Complaints and FOIs

### Our Opinion

#### Reasonable Assurance

Based upon the issues identified, there is a series of internal controls in place; however, these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
1. Appropriate documentation and policies/procedures are in place regarding handling complaints and FOI requests.		1, 2	6
2. Appropriate procedures/processes are in place regarding handling complaints and FOI requests.		3, 4, 5	7
3. Appropriate monitoring and management of the handling of complaints and FOI requests.			8, 9, 10, 11
4. Appropriate processes are in place to provide assurance on the risk management of the system.			12, 13
<b>High</b> Control issue on which action to implement should be taken within 1 month.	<b>Medium</b> Control issue on which action to implement should be taken within 3 months.	<b>Low</b> Control issue on which action to implement should be taken within 6 months.	

### Overall Objective and System Background

The overall objective of the audit was to gain assurance that effective controls are operating in the handling of corporate complaints and Freedom of Information Act (FOI) requests in a timely manner to prevent non-compliance with corporate policy and the FOI Act 2000.

Legal Services transferred to an in-house service in April 2023, with responsibility for FOI, DPO and GDPR transferring from Eastlaw to the Corporate Governance Team (CGT) from 30<sup>th</sup> April 2023. The Assistant to Chief Executive was transferred to the Legal Team and became Corporate Governance Manager on 1<sup>st</sup> April 2023. The Information Governance Officer (IGO), who has been in post since June 2023, is responsible for dealing with FOI requests. When an FOI request is received, via the FOI Inbox, it is logged on the FOI Tracker and a copy sent to the FOI Designated Officer in the relevant Service Area. The officer then sends the response to the IGO who updates the tracker and sends the response to the requester.

For the period 1<sup>st</sup> April to 4<sup>th</sup> July 2023, a total of 192 FOI requests had been received. In 2022/23, a total of 558 FOI requests were received, and 590 in 2021/22.

The Local Government and Social Care Ombudsman defines a complaint as “an expression of dissatisfaction about an act, omission or decision of the Council (whether that is provided directly by the council or by a contractor or a partner) either verbal or in writing, and whether justified or not, which requires a response.” The Authority has adopted this definition in its Corporate Complaints Policy, which outlines the stages a complaint goes through:

- Initial Stage – the Authority seeks to resolve the matter informally without the need to escalate it to the formal complaints process. If the matter is unresolved or complex and needs further investigation, it will be registered as a formal complaint.
- Formal Stage – Stage One – the complaint is considered by an experienced officer in the department to which the complaint relates, usually the Assistant Director or Service Head. Stage One complaints are required to be responded to within 15 working days.
- Stage Two – if the complainant is dissatisfied with the outcome of the Stage One response, they can request that it be escalated to Stage Two. The Corporate Governance Manager will review the entire case. The timeframe for responding to a Stage Two complaint is 20 working days.

Corporate complaints are initially received and managed by Democratic Services. Only those complaints which progress to Stage Two are referred to the Corporate Governance Manager for review and investigation.

For the period 1<sup>st</sup> April to 14<sup>th</sup> July 2023, 17 corporate complaints were received. In 2022/23, a total of 59 complaints were received and 54 in 2021/22.

### **Summary of Key Recommendations**

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

- Once the Corporate Complaints Policy has been revised, it is recommended that this is placed on the Authority’s website, with a direct reference to the policy clearly sign-posting users to it. An article to be included in Staff Update notifying staff of the revised policy and the action that staff should take if they receive a complaint.
- The Corporate Complaints Policy to be enhanced to include version control/document history, references to the Data Protection Act 2018, flowcharting the complaints handling process, references to related policies, details of roles/responsibilities, specifies document retention period, outlines the process for learning from complaints and states how the policy will be distributed.
- To ensure consistency and timeliness of the process, it is recommended that all corporate complaints are received and managed by CGT. This would ensure that the Corporate Governance Manager is aware of all complaints, both Stage 1 and Stage 2, enabling her to undertake an analysis of complaints which could then be included in the Annual Complaints Report to CPP.

- Once the CGT are responsible for managing the corporate complaints process, it is recommended that they ensure that all Stage 1 complaints are responded to within 15 working days (as per the stated deadline in the Corporate Complaints Policy) and that evidence is retained of a formal response being sent to the complainant.
- To ensure consistency and timeliness of the process, all FOI requests to be received and managed by CGT, including FOI requests relating to Planning, Housing Standards and Environmental Health, which are managed by EH Admin Team.

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

- The new FOI / EIR Policy to detail how the policy will be implemented and distributed throughout the Authority, how staff are made aware of the policy, and the retention period for documentation relating to FOI requests.
- The Complaints spreadsheet, used to record all corporate complaints received, to be enhanced to record details of each complaint, such as date received, date resolved, brief summary of the complaint, whether the complaint was responded to within target, number of days above target, and whether the complaint proceeded to Stage Two.
- The Annual Complaints Report to be enhanced to record service improvements arising from complaints, number of upheld complaints, performance against timescales, and the complaints performance of third parties providing services on behalf of the Authority.
- The Annual Complaints Report to include an analysis of FOI requests by theme and service area, % of requests responded to within 20 working days for each service area and trend analysis for corporate complaints received.
- Any lessons learnt arising from dealing with complaints and resulting service improvements to be formally recorded, enabling them to be included in the Annual Complaints Report and formally shared as best practice with service areas.
- The Data Retention Schedule – Central Services to be updated to state the retention period for records relating to corporate complaints and Ombudsman enquiries, in accordance with legislation and guidance.
- Risks associated with the handling of complaints and FOI requests to be identified, documented within the operational risk register and appropriate mitigations put in place, where necessary.
- A formal process should be put in place for identifying any issues that may arise in the handling of complaints or in resolving FOI requests, and for escalating them where appropriate.

### **Good Practice and Other Points to Note**

- The Corporate Complaints Policy was reviewed in 2022 and approved by CPP in October 2022, and is due to be reviewed by the Corporate Governance Manager and the Information Governance Officer (IGO) in the coming months.
- The FOI Publication Scheme is currently being reviewed following the transfer of responsibility for dealing with FOI requests from Eastlaw to CGT.
- A new FOI/EIR Policy is currently being drafted by the IGO to replace the current policy document.
- The IGO has recently compiled a new FOI/EIR Officer Guidance document for staff and FOI Process Notes for use by CGT. The FOI/EIR Guidance document was publicised in Staff Update on 12/07/23 raising staff awareness of the process for dealing with FOI requests.
- The Unreasonable Complainants Policy was reviewed during 2022 and approved by Full Council in March 2023.
- Standard email templates are used during the FOI request process.
- All FOI requests are logged on the FOI Tracker which records full details of each request and the timeliness of their response, enabling performance management reporting.
- FOI requests that are due within the next five days are flagged up and chased by the IGO for a response from the relevant department. The IGO sends a weekly/fortnightly list of all historic outstanding requests to services for a response, which should mitigate the risk of internal review requests and complaints to the ICO.
- All attachments are checked by the IGO before sending out to the FOI requester to ensure that their format is correct and that personal data redactions have been made.

## Executive Summary – Land Charges

### Our Opinion

#### Reasonable Assurance

Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Control Objectives	Recommendation Number Reference & Priority Level		
	High	Medium	Low
9. The Local Land Charges Register contains accurate data.		1	5, 6
10. Appropriate controls in place for the addition, amendment and deletion of data within the Local Land Charges Register.			7
11. Appropriate controls in place for the transfer of the local land charges service to HM Land Registry.		3, 4	8, 9
12. Appropriate controls are in place over the management of income arising from the provision of the local land charges service.		2	10
<b>High</b> Control issue on which action to implement should be taken within 1 month.	<b>Medium</b> Control issue on which action to implement should be taken within 3 months.	<b>Low</b> Control issue on which action to implement should be taken within 6 months.	

### Overall Objective and System Background

The Authority's Land Charges service must transfer to HM Land Registry (HMLR) in the next two years. The overall objective of the audit was to provide assurance that actions to prepare for this are progressing and that the Authority's Local Land Charges (LLC) Register holds accurate data, prior to its transfer. The audit evaluated the process for making additions, amendments, and deletions of data to the LLC Register and provided assurance on the management of income arising from the provision of the Land Charges service.

When purchasing property, purchasers (usually via their legal representatives) seek a range of assurances in respect of their prospective purchase. These assurances are gained through a Land Charges search which the Local Authority are required to undertake.

Local Authority searches consist of two elements, an LLC1 which is a search of the LLC Register, and a CON29 which is a set of standard enquiries recommended by the Law Society to reveal vital information that could impact the purchaser's decision. The LLC Register contains a record of all charges registered against a property within the local borough such as any financial charges, planning agreements, enforcement notices, listed buildings and light obstructions notices.



The CON29 consists of two forms, CON29R and CON29O. The CON29R covers such enquiries as planning history, building control regulation, highway information, proposed tree preservation orders, CIL, proposed planning enforcement and public footpaths. CON29O consists of a wider range of enquiries which may be relevant in certain locations or with certain properties, such as whether the property is within a National Park.

Land Charge fees are set locally on a cost recovery basis, meaning the Authority are not supposed to make a profit and are only supposed to cover the costs related to carrying out the service. Costs are increased in line with cost of living increases each year. The software used to manage Land Charge cases, TLC ("Total Land Charges"), which is linked to IDOX Uniform, is in the process of being upgraded.

For the period January to December 2022, total Land Charges expenditure was £177,338 and total income £160,844, leaving a net service cost of £16,494. The Land Charges reserve balance as at 31<sup>st</sup> March 2023 was £156,252. Budgeted income for 2023/24 is £160,000; for the first four months of 2023/24, a total of £45,516 had been received.

The Office Manager/Deputy SIRO anticipates that the Authority will incur a loss of £60,000 p.a. from the loss of LLC1 searches after the data migration to HMLR. The Authority will continue to provide CON29R searches after the data migration.

### **Summary of Key Recommendations**

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

- Costs be reviewed to ensure that all relevant costs are included, thereby enabling the correct Land Charges fees to be levied and ensuring that all relevant costs are covered by the income. Costs be reviewed on an annual basis to ensure that they remain current. The Authority to explain how fees are calculated and compile procedure notes detailing the cost calculation.
- The CON29R search fee be reviewed, with a view to increasing it to the average fee levied by local authorities in Norfolk. The fee be reviewed each year to ensure that it continues to cover all necessary costs.
- Following the recent signing of the Collaboration Agreement between the Authority and HMLR, a comprehensive Project Plan be devised setting out the steps involved in the data migration.
- As part of the Project Plan, the process for data cleansing and data validation, and the security arrangements to be adopted, such as data encryption, be formally documented.

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

- Issues relating to TLC identified by the Land Charges Team be raised with IDOX with a view to them being addressed by IDOX.
- Written procedure notes be compiled detailing the process involved in undertaking a search; these could be in the form of flow-charts.
- The addition or removal of Land Charges on the Local Land Charges Register be checked by another officer within the Land Charges Team on a

sample basis to confirm the accuracy of the data addition or deletion.

- Once the data migration project commences, regular meetings be held with HMLR. Each meeting to have an agenda setting out the meeting's purpose, frequency and duration. An action log be maintained recording all agreed actions and formal minutes taken at each meeting.
- A formal risk assessment of the data migration be undertaken, and appropriate mitigating controls put in place, where appropriate.
- The Authority clarify with HMRC the treatment of VAT relating to the search fee on an additional parcel of land, and if necessary, amend their fee schedule accordingly.

#### **Good Practice and Other Points to Note**

- Most searches are turned around within five working days; this is well within the "voluntary" target of ten working days for turning round cases and adding the data to the Local Land Charges Register.
- Norfolk County Council (NCC) Highways monthly invoice is reconciled to an in-house bespoke report from TLC to confirm that NCC are only invoicing the Authority for those searches that the Land Charges Team asked them to complete.
- When a search request is received, a hold is put on it so that the search cannot be undertaken until payment has been received from the search company or solicitor.
- Each search has a Unique Reference Number (URN) i.e., the TLC land charges search reference number, which customers are required to quote when submitting payment so that it can be allocated to the correct search.
- Monthly statistics are produced by the Land Charges Team recording the number of CON29R, LLC1, Personal Searches and History Searches undertaken each day. This is sent to Accountancy where a Monthly Monitoring Sheet is produced detailing land charges income received, no. of searches conducted, and income and expenditure for year to date compared to budget.