

**Report of the Chief Audit and Control Officer**

**INTERNAL AUDIT PROGRESS REPORT**

1. Purpose of report

To inform the Committee of the recent work completed by Internal Audit.

2. Detail

Under the Council's Constitution and as part of the overall corporate governance arrangements, this Committee is responsible for monitoring the performance of Internal Audit.

A summary of the reports issued and progress against the agreed Internal Audit Plans for 2020/21 and 2021/22 is included at appendix 1. A summary narrative of the work completed by Internal Audit since the previous report to this Committee is also included.

Internal Audit has also reviewed progress made by management in implementing agreed actions within six months of the completion of the respective audits. Details of this follow-up work are included at appendix 2. Where agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed.

Further progress reports will be submitted to each future meeting of this Committee. A final report detailing the overall performance and productivity of Internal Audit for 2020/21 is included elsewhere on this agenda.

**Recommendation**

**The Committee is asked to NOTE the report.**

Background Papers

Nil

## APPENDIX 1

## INTERNAL AUDIT REPORTS ISSUED SINCE JANUARY 2021

No	Audit Title	Report Issued	Assurance Opinion	Actions - Significant	Actions - Merits Attention
14	Rents (including Evictions)	06/01/21	Substantial	0	1
15	Council Tax	04/02/21	Reasonable	0	2
16	Neighbourhood Warden	23/02/21	Reasonable	1	0
17	Fuel Management	08/03/21	Substantial	0	1
18	Benefits	11/03/21	Reasonable	0	3
19	Waste Management	15/03/21	Substantial	0	3
20	LLL – Online Payments System	15/03/21	Substantial	0	0
21	Gas Servicing and Maintenance	18/03/21	Reasonable	1	1
22	Financial Appraisal – Stapleford Hub	22/03/21	n/a	-	-
23	Employee Authentication Service	26/03/21	Substantial	0	2
24	LA Compliance/Enforcement Grant	31/03/21	n/a	-	-
25	Governance - Covid-19 Grants Schemes	20/04/21	Substantial	0	0
01	Erewash BC – Risk Management	20/04/21	n/a	-	-
<b>02</b>	<b>Erewash BC – Cemeteries</b>	<b>12/05/21</b>	<b>n/a</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>Utilities (Energy and Water)</b>	<b>21/05/21</b>	<b>Reasonable</b>	<b>1</b>	<b>1</b>
<b>27</b>	<b>Housing Delivery Plan</b>	<b>08/06/21</b>	<b>Substantial</b>	<b>1</b>	<b>2</b>
<b>28</b>	<b>LLL – Kimberley Leisure Centre</b>	<b>10/06/21</b>	<b>Substantial</b>	<b>0</b>	<b>4</b>
<b>29</b>	<b>Sundry Debtors</b>	<b>18/06/21</b>	<b>Reasonable</b>	<b>0</b>	<b>5</b>
<b>30</b>	<b>Corporate Governance Arrangements</b>	<b>18/06/21</b>	<b>Reasonable</b>	<b>-</b>	<b>-</b>

## REMAINING INTERNAL AUDIT PLAN 2020/21

No	Audit Title	Progress
	Declarations of Interest	Draft report issued – pending finalisation
	Creditors and Purchasing	Draft report issued – pending finalisation
	Housing Voids Management	Ongoing (Nearing completion)
	Computer/ICT (including Cyber Risk)	Ongoing (Nearing completion)
	Planning Enforcement	In progress
	Bank Reconciliation	Commenced
	Operational Risk Management	Now included in 2021/22 Internal Audit Plan
	Health and Safety	Now included in 2021/22 Internal Audit Plan

The audits of Business Rates; Cash Receipting; Climate Change; Housing Management System; Human Resources; Planning and Building Control; Procurement and Contract Management; and Treasury Management were deferred following revision to the Internal Audit Plan approved on 30 November 2020.

## REMAINING INTERNAL AUDIT PLAN 2021/22

No	Audit Title	Progress
	Private Sector Housing/DFG's	Ongoing (Nearing completion)
	Grounds Maintenance Services	In progress
	NNDR	In progress
	Planning Enforcement	In progress
	Procurement and Contract Management	Commenced
	Health and Safety	Expected to commence in Q2
	Operational Risk Management	Expected to commence in Q2
	Environmental Health	Expected to commence in Q2
	Homelessness	Expected to commence in Q2
	Capital Works	Expected to commence in Q2
	Public Buildings Maintenance	Expected to commence in Q2
	Garden Waste Collection	Expected to commence in Q2
	Treasury Management	Expected to commence in Q2/3
	Payroll	Expected to commence in Q2/3
	Climate Change	Expected to commence in Q2/3
	Human Resources	Expected to commence in Q2/3
	Information Governance	Expected to commence in Q2/3
	Transport/Fleet Management	Expected to commence in Q2/3
	Customer Services	Expected to commence in Q2/3
	Bramcote Leisure Centre	Expected to commence in Q2/3
	Financial Resilience/Budgetary Control	Expected to commence in Q3/4
	Stapleford Town Fund (i.e. Major Projects)	Expected to commence in Q3/4
	Local Authority Trading Company	Expected to commence in Q3/4
	Commercial/Industrial Properties	Expected to commence in Q3/4
	Choice Based Lettings	Expected to commence in Q3/4
	Creditors and Purchasing (inc P-Cards)	Expected to commence in Q3/4
	Bank Reconciliation	Expected to commence in Q3/4
	Benefits	Expected to commence in Q3/4
	Cash Receipting	Expected to commence in Q3/4
	Council Tax	Expected to commence in Q3/4
	Rents	Expected to commence in Q3/4
	D H Lawrence Birthplace Museum	Expected to commence in Q3/4
	Housing Repairs	Expected to commence in Q4
	Corporate Governance	Expected to commence in Q4

## COMPLETED AUDITS

A report is prepared for each audit assignment and issued to the relevant senior management at the conclusion of a review that will:

- include an overall opinion on the adequacy of controls within the system to provide assurance that risks material to the achievement of objectives are adequately managed – the opinion being ranked as either ‘Substantial’, ‘Reasonable’, ‘Limited’ or ‘Little’ assurance;
- identify inadequately addressed risks and non-effective control processes;
- detail the actions agreed with management and the timescales for completing those actions, and;
- identify issues of good practice.

Recommendations made by Internal Audit are risk assessed, with the agreed actions being categorised accordingly as follows:

- Fundamental – urgent action considered imperative to ensure that the Council is not exposed to high risks (breaches of legislation, policies or procedures)
- Significant – action considered necessary to avoid exposure to significant risk.
- Merits Attention (Necessary Control) – action considered necessary and should result in enhanced control or better value for money.
- Merits Attention – action considered desirable to achieve enhanced control or better value for money.

The following audit reports have been issued with key findings as follows:

**These audits have taken place during the pandemic lockdown, which has seen the audit process adapted accordingly to enable it to be completed remotely. It is pleasing to report that Internal Audit considers that it has not been restricted in terms of its access to systems, records and people. As a result, the audit conclusions and the strength of the opinion provided has not been overly impacted or qualified. The support of officers has been most welcome in successfully concluding the audit testing.**

### 1. Erewash Borough Council – Cemeteries

As part of its Internal Audit Collaboration arrangements with Erewash Borough Council, Internal Audit has completed a review of the systems and procedures operating in respect of Cemeteries at Erewash which was carried out as part of the Erewash Internal Audit Plan for 2020/21.

**2. Utilities (Energy and Water)**Assurance Opinion – **Reasonable**

The specific audit objectives sought to confirm whether adequate controls exist to provide assurance that

- Contracts for the supply of utilities to the Council are subject to appropriate procurement processes and are adequately managed;
- Billing and metering processes are appropriately designed and implemented;
- Corporate objectives relating to the Green Futures Strategy – Strand Four: Energy and Building Infrastructure are achieved; and
- Known issues relating to billing for the supply of water is resolved with all refunds and credits due paid to the Council.

The Council has an appropriate framework the management of Utilities (Energy and Water) accounts and billing. The review did indicate areas for improvement and recommendations were proposed in order to ensure that processes and controls in place are effective. Internal Audit included one 'significant' risk action relating to the need to achieve compliance with procurement requirements with the supply of water and to resolve all current outstanding issues, as follows:

**Procurement of Water and Resolution of Current Issues**

There is presently no contract in place for the supply of water to the Council (or to Liberty Leisure Limited). This is in breach of the Council's Financial Regulations (Contract Standing Orders) which require a tendering exercise to be completed for all purchasing arrangements with an anticipated contract value of £25,000 or above.

Furthermore, there are a number of issues regarding accuracy and duplication of billing with the current supplier which require resolution at the earliest opportunity.

In addition to the ongoing regulatory compliance risk, there is a clear financial risk to the Council in the form of overpayments, unplanned and unbudgeted additional costs and potential unclaimed refunds and credits.

A potential solution is currently under consideration by the Head of Asset Management and Development and the Estates team in conjunction with the Procurement and Contracts Officer.

Agreed Action (Significant)

A new contract for the supply of water to the Council has been prepared for agreement with the current supplier. This contract will ensure compliance with Procurement Regulations and the Council's Financial Regulations (Contract Standing Orders).

The contract includes elements of performance management, including the provision of a customer care liaison (single point of contact with the supplier), which should improve the ability to ensure prompt resolutions of any contract management issues.

The new two-year contract will also allow the Council time to consider its strategy and future procurement options, which could include a contract extension with the current supplier, an award from a recognised procurement framework or an open tender exercise.

Managers Responsible

Head of Asset Management and Development  
Estates Manager

Target Date: 31 July 2021

The review also proposed a further 'Merits Attention - Necessary Control' action relating to need to ensure that the Energy Procurement Strategy is refreshed and presented to the appropriate Committee for consideration and approval.

The actions were agreed by the Head of Asset Management and Development and the Estates Manager. Internal Audit will complete appropriate follow-up work at six months from the date of the audit report and will report back to Committee accordingly.

**3. Housing Delivery Plan**

Assurance Opinion – **Substantial**

The specific audit objectives sought to confirm whether adequate controls exist to provide assurance that

- Governance arrangements for the Housing Delivery Plan are sound and working effectively;
- The Housing Delivery Plan has been appropriately documented and approved and progress is regularly monitored and updated;
- Delivery of the Housing Delivery Plan is subject to appropriate scrutiny arrangements by management and elected members;
- The Housing Delivery Plan is adequately resourced and individual elements are subject to capital/business case appraisal; and
- Properties purchased under the 'buy-back' scheme are subject to a needs assessment and purchases are appropriately processed, reviewed and approved.

Internal Audit reports that the Council has an appropriate framework in place for the management of the Housing Delivery Plan. The review did indicate areas for improvement and recommendations were proposed in order to ensure that processes and controls in place are effective. Internal Audit included one 'significant' action relating to the need to resolve a potential procedure conflict between the Land Disposal Policy and further recommendations subsequently adopted by Members, as follows:

Potential Conflict in Procedure – Land Disposal Policy

A development under consideration as part of the Housing Delivery Plan will involve a significant sale of Council-owned land to a private housing developer.

The current Land Disposal Policy was approved by the Policy and Performance Committee in November 2017. The policy provides that although open market disposal is generally the preferred method for the sale of land, a private sale may be preferable where certain criteria are met. The potential sale of land under consideration at the present time appears to meet at least one of these criteria and a private sale would be the preferred route.

However, in a report submitted to Full Council in December 2018, it was recommended and resolved that there must be "provision for ensuring that there is effective market testing, using template practices, in the interests of achieving best consideration for a site" in seemingly all circumstances.

This is a potential conflict of correct Council procedure. Given the significant financial and political impact of land disposals and housing developments, it is recommended that this potential conflict be resolved and advice sought from Legal Services, General Management Team and, if considered appropriate, Members, prior to any commitments being entered into by the Council.

Agreed Action (Significant)

The potential conflict of procedure with regard to the disposal of land will be resolved in a report to the Policy and Performance Committee (and/or Full Council as appropriate) and authoritative guidance sought prior to entering into any commitments regarding the sale of Council land.

Managers Responsible

Deputy Chief Executive

Head of Asset Management and Development Target Date: 31 October 2021

The review also proposed two further 'Merits Attention - Necessary Control' actions relating to need to update the Housing Delivery Plan to fully reflect the current aspirations and potential of the project and to develop and maintain a standalone project-specific risk register for the Housing Delivery Plan.

The actions were agreed by the Head of Asset Management and Development and the Housing Delivery Manager. Internal Audit will complete appropriate follow-up work at six months from the date of the audit report and will report back to Committee accordingly.

4. **Kimberley Leisure Centre (L Leisure Ltd)** Assurance Opinion – **Substantial**

Internal Audit has reviewed the systems and procedures operating at Kimberley Leisure Centre. The terms of reference were agreed with the Liberty Leisure Managing Director and the Centre Manager prior to the commencement of the audit. The cost of this work will be recharged to Liberty Leisure.

Internal Audit sought to confirm whether adequate management control exists to provide assurance that the biometric entry to the gym is functioning appropriately; monies received are secured and banked promptly; inventories are accurate with insurers notified of any changes; and access to the Workflow Asset Management system and reviewing of outcomes is effective.

Internal Audit reports that Liberty Leisure Limited continues to maintain an appropriate framework for the administration of operations at Kimberley Leisure Centre. It was pleasing to report that appropriate controls are in place to ensure that the biometric entry system being used for the gym is operationally secure.

The review identified four 'Merits Attention actions, with three being 'Necessary Controls', relating to the retention of banking remittance slips for ease of reconciliations, updating risk assessments to take account of new cash banking arrangements, sharing inventory and asset valuations updates with the Insurance team and the quality assessment of work requests on the Workflow Asset Management system.

The necessary actions were agreed by the Liberty Leisure Managing Director and the Centre Manager.

5. **Final Accounts – Asset Valuations (Housing)**

The Senior Internal Auditor has supported the Head of Finance Services in the production of the Council's Financial Statement of Accounts. This work involved the checking and quality assurance of Housing Stock valuations and calculations. This ad-hoc assignment did not generate a formal report.

6. **Sundry Debtors** Assurance Opinion – **Reasonable**

The agreed terms of reference for this assignment included aspects relating to policy and procedure notes; key controls relating to the prompt and accurate production of sundry debtor bills, key reconciliations between the sundry debtors system, other feeder systems and the general ledger; system accessibility; and controls in relation to raising of credit notes and write-offs.

The Council has an established framework in place for the management and administration of Sundry Debtors. There has been a significant change in the approach to Sundry Debtor recovery since the last audit, with the Civica Legal module no longer being used to transfer debts into Legal Services. Where debts do need to be passed to Legal Services, the Quality and Control Manager will initially contact Legal Services to discuss if any further legal action would result in any payments from the debtor.

The review identified areas for improvement and further recommendations were proposed to ensure that the processes and controls in place are effective. Five 'Merits Attention – Necessary Control' actions were agreed relating to updating the Corporate Debt Policy and procedural guidance; the need for service areas to appropriately record VAT when producing bills; the timely completion of income reconciliations; undertaking annual reviews of system users and access permissions in conjunction with Heads of Service; and having adequate checks in place to ensure the accurate accounting of write-offs transactions.

The actions were duly agreed by the Head of Revenues, Benefits and Customer Services; the Head of Finance Services; and the Quality and Control Manager.

7. **Corporate Governance Arrangements** Assurance Opinion – **Reasonable**

The Chief Audit and Control has conducted the review of the system of internal control in order to deliver his annual internal audit opinion which concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is provided in the annual Internal Audit Review 2020/21 report included elsewhere on this agenda.

Further reviews in respect of Business Rates (NNDR); Computer/ICT and Cyber Risk; Creditors and Purchasing; Declarations of Interest; Grounds Maintenance Services; Housing Voids Management; Planning Enforcement; Private Sector Housing; and Procurement and Contract Management are ongoing and the reports have yet to be finalised. These will be included in the next progress report to Committee.

**Current Audit Performance**

Overall, although there has been some focus on completing the outstanding audits from 2020/21, the early level of performance for 2021/22 in terms of audits in progress is similar to what has been achieved at this stage in previous 'normal' years. The target of 90% completion of the Internal Audit Plan is expected to be achieved.

## APPENDIX 2

**INTERNAL AUDIT FOLLOW-UP**

Internal Audit has undertaken a review of progress made by management in implementing agreed actions within six months of the completion of the audit. The table below provides a summary of the progress made with agreed actions for internal audit reports issued between June 2018 and December 2020 (excluding clearance reports). Those audits where all actions have previously been reported as completed have also been excluded from this list.

Audit Title	Report Issued	ORIGINAL Assurance Opinion	Number of Actions (Significant in brackets)	Progress
Cemeteries 2018/19	25/06/18	Substantial	1	1 Outstanding
Legionella Prevention and Testing 2018/19	11/09/18	Reasonable	5	2 Outstanding
Bramcote Crematorium 2019/20	21/10/19	Substantial	2 (1)	1 Outstanding
CCTV 2019/20	30/10/19	Substantial	1	1 Outstanding
Chilwell Olympia (Liberty Leisure Ltd)	28/01/20	Substantial	1	1 Outstanding
Procurement and Contract Management	02/03/20	LIMITED	6 (1)	3 Outstanding
Independent Living	05/05/20	Reasonable	5	1 Outstanding
Cash Receipting (Payment Kiosk)	05/06/20	LIMITED	7 (2)	7 Outstanding
Financial Resilience	03/07/20	Reasonable	4	2 Outstanding
Local Authority Trading Company	06/07/20	Reasonable	3 (1)	2 Outstanding
Kimberley Depot and Security	04/09/20	Reasonable	4	4 Outstanding
Housing Repairs	07/09/20	LIMITED	5 (1)	5 Outstanding
Public Health Funerals	16/10/20	Reasonable	4	1 Outstanding
Leasehold Properties	03/11/20	Reasonable	3 (1)	2 Outstanding
Garages	09/11/20	Substantial	2	1 Outstanding
Section 106 Agreements	16/11/20	Reasonable	3	1 Outstanding
HMO Licences	09/12/20	Substantial	1	Completed

Note: The 'Original Assurance Opinion' listed above refers to the individual opinions provided by Internal Audit at the date of concluding the audit. The summary details regarding the 'Limited' assurance opinion reports were presented to this Committee on 18 May 2020 for Procurement and Contract Management; 20 July 2020 for Cash Receipting (Payment Kiosk); and 27 September 2020 for Housing Repairs.

Further details of progress being made with agreed actions that have not yet been fully implemented are included below along with comments from management reflecting any updates on progress. Evidence of implementation will not be routinely sought for all actions as part of this monitoring process. Instead, a risk-based approach will be applied to conducting further follow-up work.

Where the agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed.

**OUTSTANDING ACTIONS****1. Cemeteries**

June 2018, Substantial Assurance, Actions – 1

**1.1 Digitisation of Cemetery Records**Agreed Action (Merits Attention – Necessary Control)

A timetable for developing an efficient solution for maintaining an effective and accurate electronic cemetery records will be produced. The progress made against the plan will be monitored by management and Bereavement Services Joint Committee. The replacement of the current software solution is considered to be a key part in this medium-term project.

Manager Responsible

Head of Service

Bereavement Services Manager

**Revised target date – 30 September 2021****Progress Report of the Bereavement Services Manager**

**Tenders were evaluated for the provision of Bereavement Services Management Software. Due diligence carried out with the preferred supplier to ensure the proposed solution was suitable and within budget. Whilst implementation was delayed by the pandemic, the contract has now been agreed with supplier. The software is being mobilised with appropriate testing and training to follow. It is anticipated that the system will be fully integrated and operational by September 2021.**

**2. Legionella**

September 2018, Reasonable Assurance, Actions – 5

**2.1 Health and Safety Audits**Agreed Action (Merits Attention – Necessary Control)

Health and Safety will carry out annual audits of processes relating to Legionella prevention/detection and report its findings to the Safety Committee. This process will include seeking assurances from Responsible Persons that appropriate testing has been undertaken and completing a sample of substantive reviews linked to the areas of highest risk.

The review will cover all relevant Council properties, including premises managed by Liberty Leisure Limited and community facilities that are presently being tested by Property Services.

Managers Responsible

Head of Asset Management

Health and Safety Manager

**Revised target date – 30 September 2021****Progress Report of the Health and Safety Manager**

**The updated Legionella Policy was presented to the Safety Committee in February 2020. The designated persons list was brought up-to-date and those with roles relating to Legionella testing have been made aware of their responsibilities.**

**Refresher Legionella training has now started (having been postponed twice due to the pandemic) and follow-up management training will take place in June 2021.**

**An audit programme is being developed and the Council is on course to have the audit programme in place by September 2021.**

## 2. Legionella (Continued)

### 2.2 Tendering and Contracts

Agreed Action (Merits Attention – Necessary Control)

A corporate review of the way that Legionella testing, risk assessment, cleaning, chlorination and training services are procured is being undertaken with a view to ensuring consistency, value-for-money and compliance with procurement regulations.

Managers Responsible

Head of Asset Management;

Health and Safety Manager;

Housing Repairs and Compliance Manager

**Revised target date – 30 September 2021**

#### Progress Report of the Head of Asset Management

**This action is not considered to be a high risk/priority at this stage, given the ongoing pressure on resources. The action will be progressed during in 2021/22 with support from the Procurement team.**

## 3. Bramcote Crematorium

October 2019, Substantial Assurance, Actions – 2

### 3.1 Bereavement Services Management System

Agreed Action (Merits Attention – Necessary Control)

The purchase and installation of a new Bereavement Services Management System will be completed as a matter of priority with key support provided by the Council's Procurement and Business Transformation officers.

Managers Responsible

Head of Service

Bereavement Services Manager

**Revised Target Date: 30 September 2021**

#### Progress Report of the Bereavement Services Manager

**Tenders were evaluated for the provision of Bereavement Services Management Software. Due diligence carried out with the preferred supplier to ensure the proposed solution was suitable and within budget. Whilst implementation has been delayed by the pandemic, the contract has now been agreed with supplier. The software is being mobilised with appropriate testing and training to follow. It is anticipated that the system will be fully integrated and operational by September 2021.**

**4. CCTV**

October 2019, Substantial Assurance, Actions – 1

**4.1 Application for the Third Party Certification of Compliance with the Surveillance Camera Code of Practice**Agreed Action (Merits Attention – Necessary Control)

The final areas of non-compliance with the Surveillance Camera Code of Practice are to be addressed, with the long-term aim of applying for the Third Party Certification of Compliance at an appropriate time in the future. In the meantime, the following actions are proposed:

- Works to progress to enable the systems operating at Kimberley Leisure Centre to be made fully compliant and brought under the full control of the Parking & CCTV/Security Manager. In order to facilitate this, a budget has been earmarked towards the review and upgrade of the existing camera system at the site. (Target date – 31 March 2020)
- An approach will be made to the Head of Environment with a view to making progress towards CCTV systems operating at the Kimberley Depot (in particular those cameras operating from refuse freighters) being fully compliant with the Surveillance Camera Code of Practice. (Target date – 31 March 2020). It is recommended that the remote CCTV systems becomes the responsibility of the nominated single point of contact for CCTV surveillance and centralised in accordance with recommendation made by the Surveillance Camera Commissioner's Office. Alternatively, systems can be managed locally whereby compliance with the Commissioners Code of Practice and accreditation can be audited by the nominated senior responsible officer (SRO) for surveillance.
- The existing CCTV policies will be refreshed and arrangements made for these to be formally adopted by the Council. (Target date – 31 March 2020)

Managers Responsible

Head of Service

Parking and CCTV/Security Manager (in conjunction with the appropriate site managers)

**Progress Report of the Head of Governance and the CCTV, Security and Parking Manager**

**Action 1 (Kimberley Leisure Centre) – This is on-hold pending the outcome of the Leisure Facilities Strategy, the joint-use agreement negotiations with the School and the future of the Centre.**

**Action 2 (Kimberley Depot) – A system of local management is being introduced whereby compliance with the Commissioners Code of Practice and accreditation can be audited by the nominated senior responsible officer (SRO) for surveillance. This is reinforced by local managers being required to complete annual training through the Broxtowe Learning Zone in addition to the completion of a form which outlines the justification for the retention of CCTV in their area.**

**Action 3 (Policy Updates) – A CCTV review is under way with a Councillor Task and Finish Group, the outcomes of which will inform future policies.**

## 5. Chilwell Olympia January 2020, Substantial Assurance, Actions – 1

### 5.1 Operational Safety Risks – Joint-Use Agreement

Agreed Action (Merits Attention ‘Necessary Control’)

The current review of the Joint Use Agreement will incorporate the management of risk and allocation of responsibilities in respect of the key public health risk areas such as legionella, asbestos and fire.

The first draft of the updated Joint Use Agreement is being prepared by the Council’s Legal Services team. A timetable has been prepared and meetings programmed with Chilwell School and Nottinghamshire County Council to consider the proposed Joint Use Agreement.

Managers Responsible

Deputy Chief Executive, Broxtowe Borough Council  
 Managing Director, Liberty Leisure Limited  
 Centre Manager

**Revised Target Date: 30 September 2021**

#### Progress Report of the Managing Director, Liberty Leisure Limited

An initial meeting was held with the school to discuss the Joint Use Agreement. The Council’s Legal section was involved and prepared a draft revised agreement that was shared with the school. Operational meetings were held with the school Head Teacher which focussed on the safe re-opening of the school and leisure centre in relation to Covid-19. The specific health and safety issues detailed in the audit are being jointly managed by the school and LLL to ensure the safety of all users of the site.

LLL and Chilwell School continue to have a good working relationship with all necessary checks taking place and information shared to manage health and safety risks. LLL is satisfied that the present arrangements are sufficient until a new joint use agreement is in place.

## 6. Procurement/Contract Management March 2020, Limited Assurance, Actions – 6

### 6.1 Procurement Training

Agreed Action (Merits Attention)

A procurement e-learning module will be developed, in conjunction with the Training Officer, to support the embedding of the Procurement and Commissioning Strategy. This will complement the existing support and guidance that is already available on the intranet and website.

Managers Responsible

Procurement and Contracts Officer

**Revised Target Date: 30 September 2021**

#### Progress Report of the Procurement and Contracts Officer

A briefing on the refreshed Procurement Strategy was provided to all affected officers and managers. There has been some initial liaising with the Learning and Development Officer to develop an e-learning course for the Broxtowe Learning Zone. It is intended to deliver this action before the revised target date.

## 6. Procurement/Contract Management (Continued)

### 6.2 Structured Contract Management

#### Agreed Action (Significant)

A Contract Management Strategy and Framework is being developed to expand upon the adopted Procurement and Commissioning Strategy. This will incorporate both strategic and operational contract management and a multi-layered approach for 'softer' elements of supplier management and monitoring. A proposal was presented to General Management Team in February 2020 and will now be developed further.

The strategy proposed a three-stage process: advising suppliers that the relevant Council's policies as listed in tender documentation will provide the minimum standards required for suppliers engaged by the Council; monitoring progress with suppliers providing reports on performance; and undertake annual strategic reviews for major contracts (by value and/or strategic importance) to consider all aspects of contract performance and compliance and to carry out value engineering where appropriate. The framework will require stakeholders to periodically meet with contractors to discuss contract performance, with appropriate records maintained. Any issues can then be escalated accordingly. The process will also include regular dashboard and exception reporting to GMT.

An action plan is being developed as part of the rollout of the framework.

#### Managers Responsible

Head of Finance Services

Procurement and Contracts Officer

**Revised Target Date: 30 September 2021**

#### Progress Report of the Procurement and Contracts Officer

**A Contract Management Strategy was approved by GMT in October 2020. A series of virtual briefing sessions will be provided to stakeholders. Unfortunately, the launch of this strategy was delayed as a result of other priorities linked to the pandemic. It is now intended to be delivered before the revised target date.**

### 6.3 Contract Transparency Requirements

#### Agreed Action (Merits Attention)

A document has been prepared that will satisfy the Local Government Transparency Code 2015 publishing requirements for procurement and this will be adopted from 2020/21.

#### Manager Responsible

Procurement and Contracts Officer

**Revised Target Date: 30 September 2021**

#### Progress Report of the Procurement and Contracts Officer

**A pro-forma and explanatory note has been prepared for Heads of Service to complete a quarterly return for the Transparency Code detailing their respective procurement activity. Unfortunately, the launch of this publication has been delayed as a result of other priorities linked to the pandemic. It is now intended to be delivered before the revised target date.**

## 7. Independent Living

### 7.1 Independent Living Plans (I-plans)

Agreed Action (Merits Attention – Necessary Control)

The process for completing I-plans would be significantly enhanced by the Independent Living Coordinators utilising laptops or tablets. This would provide improvements in terms of data security (by going paper-light) and efficiencies in terms of data collection, analysis and reduced travel time. ICT Services will be approached to provide the necessary facility.

Managers Responsible

Head of Housing; Income and Housing Manager

Independent Living Manager

Revised Target Date: 30 September 2021

#### Progress Report of the Income and Housing Manager

**This action was delayed by Covid-19. The Independent Living Coordinators have been working from home with only limited ICT capability. It has now been negotiated with ICT Services that when desktops come up for renewal, these units will be replaced with laptops. It is therefore anticipated that Independent Living team will migrate gradually onto an agile working solution over the next few years.**

## 8. Cash Receipting (Payment Kiosk)

### 8.1 Balancing and Reconciliation Differences

Agreed Action (Merits Attention – Necessary Control)

An Officer Working Group will be established, with representation from key stakeholders across the business, to consider, respond, track and resolve the issues raised in respect of the payment kiosk.

The procedure for processing discrepancies identified during cashing-up will be reviewed and updated to allow for any differences to be accounted for in an appropriate manner pending further investigation.

Managers Responsible

Head of Administrative Services;

Senior Support Officer/Business Support Team Leader

Officer Working Group

Revised Target Date: 30 September 2021

### 8.2 Accuracy of Transaction Recording

Agreed Action (Significant)

A review of the systems and the effectiveness of how they interact will be undertaken by the Officer Working Group to ensure the accuracy and integrity of the data and management information the systems are expected to produce.

Managers Responsible

Head of Administrative Services;

Officer Working Group

Revised Target Date: 30 September 2021

### 8.3 Kiosk Receipts and Automated Reports

#### Agreed Action (Significant)

A review will be conducted by the Officer Working Group to identify improvements to the management information provided by the kiosk. Consideration will be given to skills and training needs to enable clear understanding of the data provided.

#### Managers Responsible

Head of Administrative Services;  
Officer Working Group

**Revised Target Date: 30 September 2021**

### 8.4 Contract Management – Reporting of Issues

#### Agreed Action (Merits Attention – Necessary Control)

Any concerns identified with the kiosk system will be escalated to GMT and the service provider as required.

#### Managers Responsible

Head of Administrative Services;  
Officer Working Group

**Revised Target Date: 30 September 2021**

### 8.5 Payment Details

#### Agreed Action (Merits Attention – Necessary Control)

Enquiries will be made with the service provider as to the options for enhancing the controls within the kiosk to make mandatory fields for the payee to enter their details and for the kiosk to only process payments when a correct payment reference has been entered.

#### Managers Responsible

Head of Administrative Services;  
Officer Working Group

**Revised Target Date: 30 September 2021**

### 8.6 Card Payments – Refunds Processing

#### Agreed Action (Merits Attention – Necessary Control)

The option to process card payment refunds (for duplicate or erroneous payments) onto the original payment card used will be considered in conjunction with the service provider.

#### Managers Responsible

Head of Administrative Services;  
Officer Working Group

**Revised Target Date: 30 September 2021**

### Progress Report of the Head of Administrative Services

**The payment kiosk has been closed to the public since the first pandemic lockdown in March 2020 and has only being used on a few occasions by Support Services. At this stage, there has been little need to establish an Officer Working Group to manage and resolve the historical issues raised in respect of the payment kiosk.**

**At a suitable point when the kiosk facility is re-opened to the public, the Officer Working Group will review and consider all of the points raised by Internal Audit.**

## 8.7 Usage Reviews and Future Viability

### Agreed Action (Merits Attention)

The statistics reports produced in relation to the kiosk will continue to be reviewed. Proactive work will continue to encourage customers to consider alternative cost effective payment channels such as Direct Debit and card payment via the website. This work will include direct contact at the kiosk and scrutiny of payments data (via reports analysed by fund) to identify customers who regularly use the kiosk.

The ongoing viability of the payment kiosk will be reviewed undertaken in terms of cost effectiveness and customer satisfaction, with comparison to alternative external solutions.

### Managers Responsible

Head of Revenues, Benefits and Customer Services

Head of Administrative Services

Target Date: 31 July 2021

### Progress Report of the Head of Revenues, Benefits and Customer Services

The kiosk has been closed to the public during the pandemic, only being used on a few occasions by Support Services as a matter of urgency. In view of this, it has been difficult to target individuals that use the kiosk and promote other services.

A team was established to evaluate the other cash payment options. A report was presented to the Finance and Resources Committee on 30 March 2021 where it was agreed that the Council will work with 'All Pay' to provide cash payment facilities using Paypoint and the Post Office. These services will be limited to those residents that have no other method of payment. The Council has commenced the procurement process with 'All-Pay'. Officers are working towards a target go-live date of 31 July, although there is work involving Finance Services to ensure payments are accounted for correctly. With the recent turnover of staff within that service area, there is a risk that this deadline might not be achieved.

## 9. Financial Resilience

### 9.1 CIPFA Financial Resilience Index

#### Agreed Action (Merits Attention 'Necessary Control')

It is anticipated that the CIPFA Financial Resilience Index will be refined post Covid-19 to ensure that it remains fit for purpose. The benefits of using this analytical tool to support good financial management and provide a common understanding amongst managers and members of the current financial position and potential risks are acknowledged. Further work in developing this for Broxtowe, at least in the short-term, will be dependent upon further updates from CIPFA.

#### Manager Responsible

Deputy Chief Executive

Revised Target Date: 31 October 2021

### Progress Report of the Deputy Chief Executive

This action is still progressing. CIPFA has recently published the latest update of its Financial Resilience Index based upon the 2019/20 financial outturn. This will provide a useful pre-Covid baseline assessment of the financial position of local authorities. The indices for 2020/21 will be reviewed when available, with any significant action needed being reported through GMT and to the relevant Committee accordingly.

## 9. Financial Resilience (Continued)

### 9.2 Prioritisation of Schemes – Capital Project Appraisals

#### Agreed Action (Merits Attention 'Necessary Control')

A review of the current arrangements for prioritising capital schemes will be completed in time for the 2021/22 budget preparation, with the outcomes reported to GMT for approval and adoption. This review will consider the development of a rolling three-year Capital Strategy, linked to corporate priorities, and the introduction of robust business plans/capital project appraisal framework for individual schemes to support decision making and the prioritisation of limited capital resources.

#### Manager Responsible

Deputy Chief Executive;  
Head of Finance Services

Revised Target Date: 31 October 2021

#### Progress Report of the Deputy Chief Executive

**A Capital Strategy is approved annually by the Finance and Resources Committee. Further work will be undertaken to refine the process to prioritise capital schemes although for the latest capital programme the priority schemes have been linked to the corporate objectives, such as Housing, and the high-risk health and safety schemes relating to public buildings.**

## 10. Local Authority Trading Company

### 10.1 Revision and Update of Service Management Agreement

#### Agreed Action (Significant)

The Council's new Leisure Facilities Strategy is currently being developed, although its full adoption and implementation will be a long-term project. In the meantime, it is anticipated that the proposed Strategy will have been developed by late summer 2020. At this stage, the Strategy will be used as the starting point for an initial review of the Service Management Agreement between the Council and the Company.

#### Managers Responsible

Deputy Chief Executive  
Managing Director – Liberty Leisure Limited

Revised Target Date: 30 September 2021

#### Progress Report of the Deputy Chief Executive

**The new Leisure Facilities Strategy is being developed. Some minor adjustments have been proposed for the Service Management Agreement between the Council and the Company that are currently being worked through in conjunction with Legal Services. A fundamental review of the agreement will be deferred until beyond the pandemic with current the priority being the financial stability of the company.**

## 10. Local Authority Trading Company (Continued)

### 10.2 Review of Joint-Use Agreement with Chilwell School

Agreed Action (Merits Attention 'Necessary Control')

The ongoing review and re-negotiation of the Joint-Use Agreement with Chilwell School will recommence, in conjunction with Legal Services, with a view to finalising the agreement at the earliest opportunity.

Manager Responsible

Deputy Chief Executive

Revised Target Date: 30 September 2021

#### Progress Report of the Deputy Chief Executive

**Some preliminary work has been undertaken, in conjunction with Legal Services, on the Joint Use Agreement with Chilwell School. Given the notice received from East Midlands Education Trust, the ongoing negotiations with EMET regarding Kimberley Leisure Centre remain the current priority.**

## 11. Kimberley Depot and Security

### 11.1 Security Policy and Procedure

Agreed Action (Merits Attention 'Necessary Control')

A security policy and procedures guide will be produced for reference by managers and officers with responsibilities relating to depot security.

Manager Responsible

Head of Environment

Revised Target Date: 31 July 2021

#### Progress Report of the Head of Environmental Services

**This task has not yet commenced.**

### 11.2 Risk Assessments – Health and Safety

Agreed Action (Merits Attention 'Necessary Control')

A formal risk assessment will be completed and documented relating to the risk of flooding. The mitigating actions identified for a flooding event will be effectively communicated to those responsible to ensure the health and safety of employees.

Manager Responsible

Head of Environment

Revised Target Date: 31 July 2021

#### Progress Report of the Head of Environmental Services

**A formal flood risk assessment has not yet been completed, although a Flood Plan is currently in draft form.**

## 11. Kimberley Depot and Security (Continued)

### 11.3 Inventories

Agreed Action (Merits Attention 'Necessary Control')

An inventory of all plant and equipment held at the depot and/or used offsite by the Environment Department will be recorded and maintained. This inventory will then be used to review insurance arrangements and ensure that the most appropriate cover is in place.

Manager Responsible

Head of Environment

Revised Target Date: 31 July 2021

#### Progress Report of the Head of Environmental Services

**A task to create a full inventory list of plant and equipment at the Depot is in progress.**

### 11.4 Flood Plan

Agreed Action (Merits Attention 'Necessary Control')

A formal flood plan specific for Kimberley Depot will be developed. The plan will identify key officers and responsibilities; basic strategies to protect employees, equipment and machinery and to mitigate risks from contamination (including hazardous chemicals).

The plan will also include a checklists of actions to be completed when flooding is imminent, during the event and post-flood to ensure that no key actions are missed.

Manager Responsible

Head of Environment

Revised Target Date: 31 July 2021

#### Progress Report of the Head of Environmental Services

**The Flood Plan has been drafted and is awaiting review by the Head of Service.**

## 12. Housing Repairs

### 12.1 Completion and Reporting of Inspections

Agreed Action (Merits Attention 'Necessary Control')

As part of wider improvements to systems and processes (including form design), a review of the reporting framework will be undertaken with the aim of implementing an effective system of 'post-inspection' and 'monitored inspection', with progress being regularly reported to Housing Management accordingly.

Managers Responsible

Head of Service; Housing Repairs Manager

Target Date: 31 December 2020

#### Progress Report of the Head of Asset Management and Development

**Action delayed due to the limitations on inspection during pandemic but will be picked up more robustly once restrictions on entering properties have been lifted. The action will also progress the reporting within the new web-based Capita reporting.**

## 12. Housing Repairs (Continued)

### 12.2 Invoicing of Rechargeable Works

Agreed Action (Merits Attention 'Necessary Control')

The process for invoicing rechargeable repair works will be reinstated, although the current method for evidencing costs, producing bills and recovering the debt is very labour intensive.

The billing of rechargeable repair works will be reviewed as part of a wider piece of work to bring all housing related debt into the CAPITA system, depending upon system development.

Managers Responsible

Head of Service; Housing Repairs Manager

Revised Target Date: 30 September 2021

#### **Progress Report of the Head of Asset Management and Development**

**This action is tied in with wider Capita system and resourcing issues.**

### 12.3 Contact Centre (Customer Services)

Agreed Action (Merits Attention)

The key recommendations from commercial review of the Housing Repairs Service in relation to the Contact Centre will be implemented, in conjunction with the Head of Revenues, Benefits and Customer Services, as soon as practicable. The progress made on this should be regularly reported to Housing Management and the Housing Committee.

Managers Responsible

Head of Service; Housing Repairs Manager

Target Date: 30 September 2021

#### **Progress Report of the Head of Asset Management and Development**

**Progress is being made towards completing this action.**

### 12.4 Job Costing and Stock Control

Agreed Action (Significant)

The progress made in delivering the Housing Repairs Review Action Plan have stalled due to various circumstances, not least the coronavirus pandemic lockdown. This action plan will be revisited when resources and the lifting of restrictions allow.

The job costing and stock control processes will be reviewed and updated as planned for in the Housing Repairs Review Action Plan. The progress made on this will be regularly reported to Housing Management and the Housing Committee.

Managers Responsible

Head of Service; Housing Repairs Manager

Revised Target Date: 31 December 2021

#### **Progress Report of the Head of Asset Management and Development**

**Work has commenced on reviewing stocks and stores.**

## 12.5 Overdue Contract Renewals

Agreed Action (Merits Attention 'Necessary Control')

The expired contracts for Glazing Services and Scaffolding will be reviewed, in conjunction with the Procurement and Contracts Officer, and subjected to formal competitive tender or direct award from a recognised framework, where appropriate, at the earliest opportunity.

Managers Responsible

Head of Service; Housing Repairs Manager

Revised Target Date: 30 September 2021

### Progress Report of the Head of Asset Management and Development

**All expired and non-compliant arrangements are being reviewed and a programme developed to bring these into full compliance.**

## 13. Public Health Funerals

### 13.1 Procurement of Funeral Director Services

Agreed Action (Merits Attention 'Necessary Control')

A review of the contract for Funeral Directors services will be undertaken to ensure compliance with Procurement Regulations and the Council's Contract Standing Orders.

Manager Responsible

Chief Environmental Health Officer

Target Date: 31 March 2021

### Progress Report of the Chief Environmental Health Officer

**The current contract was awarded following an informal tender with local funeral directors being asked to submit prices to undertake the various aspects of a welfare funeral. A formal tender was not felt necessary at the time due to the overall value and the award was made on the basis of lowest price. This is now being refreshed and draft tender documents are being prepared in conjunction with the Procurement team. The proposed revised target date is 30 September 2021.**

## 14. Leasehold Properties

### 14.1 Control of Credit Notes and Write-Offs

Agreed Action (Merits Attention 'Necessary Control')

Following the anticipated transfer of the administration and recovery of Leasehold Service Charge bills to the Housing Income Collections team, the current (or enhanced) controls over credit notes, write-offs and any other amendment to billed amounts will be retained.

Managers Responsible

Income and Housing Manager

Income Collections Manager(s)

Target Date: 30 September 2021

### Progress Report of the Housing Services and Strategy Manager

**This on track, although part may be not achieved by the target date. On the preparation to transfer the administration and recovery of service charge bills to the Housing Income Collections team, with the upgrade to Capita Housing system being put back, this has subsequently delayed system related work.**

## 14.2 Update of Leasehold Database and Functionality

Agreed Action (Merits Attention 'Necessary Control')

A full reconciliation of the Leasehold Property database to new records on Capita Housing system will be completed to ensure 'day one' accuracy and completeness of the database.

Manager Responsible

Leasehold and Performance Manager

Target Date: 30 September 2021

### Progress Report of the Housing Services and Strategy Manager

**This is on track to be completed by target date.**

## 15. Garages

### 15.1 Financial Appraisal of Individual Garage Sites

Agreed Action (Merits Attention 'Necessary Control')

The decision making process for individual garage sites will include consideration of likely costs, anticipated future rental income and the resultant payback period.

A retrospective review of the garages sites considered under phase 1 of the garage modernisation works will be undertaken to inform the consideration of options for phase 2.

Managers Responsible

Head of Housing; Garages Strategy Working Group

Target Date: 31 March 2021

### Progress Report of the Head of Housing

**Work has commenced. Target date needs extending to 31 July 2021**

## 16. Section 106 Agreements

### 16.1 Reconciliation and Monitoring

Agreed Action (Merits Attention')

S106 agreements records held in Planning will be periodically reconciled with Finance records to ensure that expected contributions have been received and spending is in line with the agreements. This will provide additional control and ensure complete end-to-end process monitoring by one section in this multi-sectional activity.

A new 'master' spreadsheet is being developed to provide a definitive document that can be viewed/updated as appropriate by all involved in S106 agreements.

Managers Responsible

Head of Planning and Economic Development  
Planning Contributions Officer

Target Date: 31 March 2021

### Progress Report of the Head of Planning and Economic Development

**The data required to suit all needs may be too much for a single spreadsheet. The revised action will be to simplify the Planning Department version and adapting it to meet the needs of other departments. As a result of a substantial caseload of planning applications no further progress has been made.**