

# Cotswold District Council

## Report of Internal Audit Activity

April 2024

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# Internal Audit Definitions

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- **No**
- **Limited**
- **Reasonable**
- **Substantial**



## Audit Framework Definitions

### Control Assurance Definitions

<b>No</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

# Internal Audit Definitions

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.



## Audit Framework Definitions

### Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

	Categorisation of Recommendations
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management
<b>Priority 3</b>	Finding that requires attention.

### Definitions of Risk

Risk	Reporting Implications
<b>High</b>	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
<b>Medium</b>	Issues which should be addressed by management in their areas of responsibility.
<b>Low</b>	Issues of a minor nature or best practice where some improvement can be made.

## Summary of Audit Findings

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Key Financial Control	Payroll	Final Report	High Substantial	0	-	-	-	Reported in October
Operational	Climate Change (Operational)	Final Position Statement	N/A	0	-	-	-	Reported in October
Governance	Freedom of Information	Final Report	Medium Reasonable	4	-	2	2	Reported in October
Operational	Taxi Licensing Safeguarding	Final Position Statement	N/A	0	-	-	-	Reported in January
Governance	Transparency Data	Final Report	Medium Reasonable	4	-	4	-	Reported in January
Key Financial Control	Bank Reconciliation	Final Report	Low Substantial	1	-	-	1	Reported in January
Key Financial Control	Revs and Bens - Council Tax and NNDR	Final Report	High Reasonable	2	-	-	2	Reported in January
Key Financial Control	Revs and Bens - Housing Benefit and Council Tax Support	Final Report	High Substantial	0	-	-	-	Reported in January
ICT	ICT Business Continuity Management	Final Report	Low Substantial	2	-	1	1	Reported in January
Operational	Estates Services	Final Position Statement	N/A	0	-	-	-	Report Included
Operational	Property Services	Final Report	High Limited	4	1	2	1	Report Included
Key Financial Control	Contractors - Use of Waivers	Final Report	Low Substantial	2	-	-	2	Report Included

# Summary of Audit Findings

# APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Advisory	Revenues and Benefits Service Review	Final Position Statement	N/A	0	-	-	-	Report Included
Governance	Risk Management	Final Report	Low Reasonable	4	-	2	2	Report Included
Governance	Data Breaches	Draft Report						
Key Financial Control	Accounts Payable	Draft Report						
Governance	Audit Committee Effectiveness	Audit in Progress						
Key Financial Control	Appointment of Consultants and Contractors	Audit in Progress						
Key Control	Human Resources	Audit in Progress						
Operational	S106s	Audit in Progress						
Operational	Planning Validation	Audit in Progress						
Key Control	Payroll	Audit Deferred to 2024/25						Audit deferred due to tasks to be completed by Payroll team to support Publica Review / Transition
Grant Certification	Carbon Data 2021/22	Complete						
Grant Certification	Carbon Data 2022/23	In Progress						

# Summary of Audit Findings

# APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
					Operational	Accounts Payable – Qtly Review	In Progress	
Support	Business Grant Funding – Aged Debt	On-Going					Quarterly review of Business Grant Overpayment Aged Debts with Head of Service, Counter Fraud and Enforcement Unit for reporting to BEIS	
Advisory	Environmental Services Improvement Programme	On Going						
Advisory	Procurement and Commissioning Group	On Going						
Advisory	Health and Safety Working Group	On Going						
Advisory	Risk Management Group	On Going						
Advisory	Project Management – Active Cotswold	On Going						
Advisory	Emergency Planning	On Going					Support to CDC’s Rest Centre and Co-Ordination Teams	
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

The following are the Internal Audit reports, of each audit review finalised,  
since the last Committee update

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## Estates Services – Final Position Statement – February 2024

### Introduction / Background

The objective of this audit was to review the effectiveness of processes undertaken by the Estates Management team in relation to the management of the Council's assets and to assess compliance with statutory and legislative regulations. The review was requested by the Business Manager Property and Estates and was undertaken in conjunction with a Property Services review of Health and Safety arrangements. The Estates Management review included:

- Compliance with Legislation and Professional Body guidance.
- Landlord responsibilities
- Landlord Inspections, Lease and Rent Reviews
- Maintenance and Complaints
- Insurance and Empty Properties
- Documentation Retention

This audit was originally planned to be an assurance piece of work utilising walkthrough, discussion with staff, substantive testing, and evidence review. However, no up to date information could be provided for the audit and therefore we have drafted this position statement with our findings.

### Key Findings

**Cotswold District Council has an estate (property) value of £55,586,123 which includes £5,376,999 of investment properties. In addition, CDC hold community assets valuing £201 and surplus assets of £3,030,457.**

#### Compliance and Legislative requirements

We requested specific compliance and legislative requirements that the Estates Management Team should adhere to; we were directed to leases, statutes, planning and building control services. We were provided with a RICS Practice Information document on strategic public sector property asset management and were informed that Estates Management need to be compliant with this document. We were also advised that there are no current performance indicators ensuring these compliance requirements are identified and complied with.

**Suggestion: Service area to undertake a self-assessment of the RICS guidance to identify gaps in compliance.**

**Management Response:** *The Strategic public sector property asset management RICS practice information, 3rd edition, September 2021 relates to the processes and strategic framework for the management of Assets. Compliance with this guidance will be ensured as part of the new Asset Management Strategy and Asset Management Plans which are currently being prepared. Following the adoption of the new Strategy there may also be a need to make changes to the Constitution enabling delegated decisions to facilitate efficient decision making on the management of assets. These new strategic documents and processes will align with the RICS guidance.*

**Suggestion: Introduce performance indicators for council assets e.g. reduce total energy consumption in operational properties (to be defined in AMP).**

**Management Response:** *Agreed. Advice is being sought from the consultants preparing the Asset Management Strategy on the best performance indicators to provide assurance on Council asset performance.*

#### Policy, Process and Training

There is no overarching policy (Asset Management Plan / Strategy); an action has been agreed in the Property Audit in respect of the importance of an Asset Management Plan. Officers at CDC have commissioned consultants to draft both an Asset Management Strategy and Asset Management Plans, with the Strategy due to be adopted by the Council in early Spring. We were advised that there is no 'service' induction process for new starters, the only requirement is that they hold an appropriate degree and are RICS members. The Asset Manager offers support to the team but a more formal service induction and training, relevant to Publica and its partner Councils, will enhance the service provided. The Property Management

and Estates Management teams, work closely with each other, and it has been identified that roles and responsibilities are not sufficiently defined. There is a risk that work is duplicated, and the service being provided is not as effective, or efficient, as it could be.

**Suggestion: An Asset Management Plan (AMP) is a key document to support the management, and future workplans, for the Council's estate. Service area to support the Council on the drafting of an AMP (action included in property audit).**

*Management Response: Cotswold have commissioned a consultancy to develop an Asset Management Strategy and Plan. This will likely be at draft stage by February 2024 and will then be reviewed and approved by Management and Cabinet.*

**Suggestion: Service area (Property and Estates) review Job Descriptions to ensure roles are sufficiently defined and an induction programme to be created to ensure new team members are aware of their responsibilities to Publica and the Partner Councils.**

*Management Response: There is no formal induction process for the service because there are many different roles so we would not be able to have a one size fits all. The basic induction for Business World and other systems is done by the Resource Managers in person and online. Job related induction consists of either Asset Manager or one of the Estates officers being in the office with the new person every day for the first 2/3 weeks to go through different aspects of information systems and support on tasks. This includes governance and Publica/Council interactions which again is tailored based on the level and type of role. There is therefore no plan to introduce a generic induction programme as it would provide less support and training than the tailored support which is currently provided. Roles will need to be extensively reviewed as part of the Publica Review which has commenced, it is therefore suggested that the review of roles and responsibilities forms part of the service redesign work that will need to follow TUPE transfer to partner Councils.*

#### **Annual Landlord Inspections**

A condition of every lease is that annual landlord inspections can be undertaken, along with regular lease reviews and rent reviews. We were advised that Annual Landlord Inspections have not been regularly undertaken since 2019 due to a lack of resource, and no evidence was available for inspections that were undertaken.

**Suggestion: (to be included in the AMP) a schedule of property inspections is drafted to ensure all properties are inspected on a regular basis, enabling a more proactive approach to maintenance (when appropriate).**

*Management Response: There is not a lease condition that Landlord inspections are carried out but it is good practice and something we would like to recommence on a portfolio wide basis. Landlord Inspections are currently carried when officers visit site and issues then brought forward. Issues reported by the tenants are acted upon. Carrying out annual inspections would require additional staff resources and the financial cost is likely to outweigh the benefits as the Council still has recourse to remedy defects when a tenancy ends through the Schedule of Dilapidations. Where existing resources allow, landlord inspections will be prioritised based on building and tenant factors.*

#### **Lease and Rent Reviews**

The rental income for investment properties in 2022/23 was £479,622. Evidence was not available to demonstrate that Lease and Rent reviews were being undertaken in a timely manner.

**Suggestion: Lease and Rent reviews are undertaken on a regular basis ensuring the income due to the Council is appropriate.**

*Management Response: Lease renewals and reviews are currently recorded on Uniform. The Team will start using the Uniform system to record and monitor property, compliance, servicing and works matters from 1st April, once the system has been set up and historic data has been uploaded (March 2024). Information will be uploaded to Uniform including flags for when checks are due to be undertaken. All reviews will be recorded on Uniform.*

#### **Maintenance and Complaints**

We were informed that reactive maintenance is conducted when a complaint is received from a tenant, but progress is not actively monitored to ensure that the authority provides a satisfactory service. Proactive maintenance is only conducted when a tenant leaves the property, and the Estates Management team want to prepare it for the next tenants.

As maintenance is being undertaken on properties when a complaint is received, current issues could go unidentified and thereby unrectified resulting in accident, damage etc. If annual landlord inspections were undertaken issues would be identified, and rectified, at that point in time, rather than waiting for a complaint.

**Suggestion: See note above about inspections.**

**Management Response:** See comments above (inspections and lease and rent reviews), and below (records and documentation management). Most properties are let on Full Repairing and Insuring leases. This means the tenants are responsible for repairs. In situations where the Council retains responsibility for structural repairs, such as the leisure centres, structural defects such as failing roofs are not likely to be picked up during a landlord inspection. Defects of this nature would need to be identified by externally commissioned Condition Surveys. It is likely that the emerging Asset Management Strategy will recommend a phased rolling programme of condition surveys to enable a proactive approach to maintenance and asset decisions to include the likely forecast of repair and maintenance investment required.

**Suggestion: Implement a process to ensure reactive maintenance is actively monitored.**

**Management Response:** Members of the Property team liaise with contractors and tenants and do inspect completed work. This is done before payment is issued. So any sub-standard work would be picked up and rectified.

### **Insurance Terms**

Buildings Insurance is in place for the Authority's estate and properties. The Insurance Team manages these policies; they rely on communication from the Estates Management team to ensure compliance with the specific terms around unoccupied estate. The insurance terms require the following:

1. Unoccupied buildings are secured against illegal entry and all external doors and accessible external windows shall be fitted with good quality locks.
2. All services to be disconnected other than limited services required for security guards, fire and burglar alarms unless otherwise agreed by the Insurance Company in writing.
3. All letter boxes shall be sealed to prevent insertion of material.
4. Perimeter fences, walls and gates shall be kept complete and maintained.
5. Such unoccupied buildings shall be kept clear both internally and externally of combustible materials and not be used for storage.
6. Vegetation surrounding such unoccupied buildings shall be kept down.
7. The Business Premises shall be inspected thoroughly internally and externally at least once every seven days by the Named Insured, or a responsible person appointed by the Named Insured and a record maintained of such inspections and any defects rectified without delay.

Discussions identified that these terms are not actively managed, there is no formal process in place to identify empty Council owned properties, conduct the inspections and inform the Insurance Team, furthermore, no records are maintained. We were advised that the inspections have not been conducted due to a lack of resource as noted above. The risk of not complying with these terms is that the insurance policy is cancelled or invalidated, leaving the Council open to reputational damage and legal penalties.

**Suggestion: Implement a process to ensure all empty properties are identified and that inspections are carried out, and recorded, as per the terms of the insurance policies**

**Management Response:** Triggers for this process will be built into the Uniform system, to ensure appropriate processes are followed. Action is taken to secure and inspect vacant properties, this is often done via an agent acting on the Council's behalf.

### **Records and Documentation Management**

Property data held on Uniform (database) is not maintained, or actively managed. Interrogation of Uniform found that a large amount of information is outdated, dating back to 2021 and prior years.

**Suggestion: A review is undertaken of all Council Property to ensure data /properties are accurately replicated in Uniform and are up to date.**

**Management Response:** Property records are not currently held in Uniform but are held electronically. The current system is not particularly user friendly and does not enable rapid reports on areas like compliance to provide management assurance. A plan is now in place to upload all historic property and estates data to the Uniform system and to input all new data onto the system from 1<sup>st</sup> April. A spreadsheet has been created in the interim identifying compliance requirements and dates for inspections all properties.

**Suggestion: Ensure that all data gathered from inspection, rent and lease reviews, proactive and reactive maintenance, complaints etc is entered onto Uniform to ensure a full record of the Council's Estate is available.**

**Management Response: *See comment above.***

## **Conclusion**

Due to the lack of any supporting evidence available to us, we have acted as a 'critical' friend and made suggestions to our findings.

An Asset Management Plan is a key document to the management of a Council's Asset Portfolio and could include:

- List of all Property Assets
- Acquisitions and Disposals
- Action Plans
- Property Review and Conditions
- Planned / Proactive Maintenance
- Responsive / Reactive Maintenance
- Climate Change Initiatives
- Performance Indicators
- Data Management

Having an AMP ensures the service area has a 'policy' document that can be followed / worked to, allowing the service area to allocate resources as appropriate as works are planned in advance. This will also provide a more proactive, efficient, and effective service to tenants and the Council.

### Annual Landlord Inspections, Lease and Rent Reviews, Complaints and Maintenance

Consideration should be given (and included in AMP) to ensure a central register, and formal process, is adopted for the proactive management of estates. This would provide the Council with the opportunity to raise rents (where appropriate) to fair market value.

### Operational Risk Register

A further consideration could be the introduction of an operational risk register. Although financial risk is reported during the year, there are other risks, in respect of Estates, that may leave the Council exposed to challenge e.g. injury in defective building.

## Property Services – Final Report – December 2023

### Audit Objective

To review and assess property related Health and Safety arrangements at the Council’s properties, ensuring compliance with legislation.

### Assurance Opinion



Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

### Number of Actions

Priority	Number
Priority 1	1
Priority 2	2
Priority 3	1
<b>Total</b>	<b>4</b>

### Risks Reviewed

Failure to comply with relevant legislation and Council rules resulting in financial loss and reputational damage to the Council.

### Assessment

**High**

### Key Findings



**Asset Management Plan (AMP)** – Officers have highlighted that they do not have an AMP to guide their focus on Council requirements. The Council’s financial rules require an AMP to be maintained. An AMP has been commissioned and once in place Officers should align their work to this.



**Risk Assessments (RAs)** – Site-specific RAs were not available for most properties selected for testing. Officers advised that RA management is often the responsibility of 3<sup>rd</sup> parties (e.g., commercial tenant). To support the Council in fulfilling its compliance and H&S responsibilities, it’s vital all Council owned properties have a site-specific RA. Details on arrangements for any 3<sup>rd</sup> party managed RAs should be recorded with centrally held information (e.g. on a property management system).



**Standard Information** – A process should be developed to ensure all essential compliance and H&S information is gathered for all Council owned properties. The process should be implemented for new properties and regular site inspections. Officers have advised that a property management system could be utilised to capture the required information.



**Central Database Accuracy** – Spreadsheets and software contain information on Council owned properties which can be accessed centrally. Testing demonstrated that information expected to be held centrally was not available or inaccurate.



Property Officers have a system for managing maintenance requests and compliance contracts. There is a genuine effort from the Property team to improve compliance and H&S across the Council’s property portfolio. Fieldwork identified good examples of collaborative working with other service areas.

### Audit Scope

Work with Officers from the Property team to develop criteria for testing compliance and Health & Safety arrangements at Council owned properties.

Properties were selected for testing against the established compliance and H&S criteria.

#### Scope exclusions:

Contractor/consultancy spend assessment – Officers advised that work on this is underway and would therefore be a duplication of efforts.

Professional body guidance – Officers advised that this guidance is not followed.

Benchmarking – Unable to identify an organisation similar to Publica for effective benchmarking.

### Other Relevant Information

Testing has highlighted serious concerns with the Council’s property compliance and H&S obligations. Issues including (but not limited to) legionella, asbestos and gas safety management were identified; this would be picked-up with regular reviews and accurate/complete central data. Officers are aware of property compliance and H&S issues but advised that significant time is spent on reacting to reported issues preventing them from proactively developing a strategic approach.

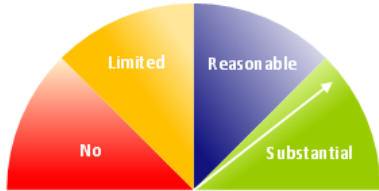
The CDC website has H&S compliance information listed for some of the owned properties leased out by the Council. However, this information is out of date (circa 2015).

## Use of Waivers – Final Report – February 2024

### Audit Objective

An audit review to assess if requests for waivers from procurement procedures are compliant with the Council’s Financial rules, and procurement policies and procedures. It will also seek assurance that they are given proper oversight, documentation is retained and that they are authorised appropriately.

### Executive Summary



#### Assurance Opinion

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

#### Management Actions

Priority 1	0
Priority 2	0
Priority 3	2
Total	0

#### Organisational Risk Assessment

Low

Failure to comply with procurement policy leads to increased cost of contracts, reduced quality of contractors and an increased risk of procurement fraud.

### Key Conclusions



To ensure the Waiver Register can be updated in a timely manner and to mitigate against any waivers being missed, the Contract Waiver Report Templates will be updated to state a copy of all approved waivers must be sent to Procurement.

Most of the Officers we spoke to had a good awareness of procurement rules, but said they would appreciate refresher training on the use of waivers. The Senior Procurement Business Partner advised training will be delivered on the new Procurement Strategy in 2024, and the use of waivers will be included.



Retained Officers attend the Procurement and Commissioning Group monthly to review the pipeline and forward plan and discuss any supply chain and framework updates.

During fieldwork approval evidence was supplied for all waivers in our sample, but 1 approval made via email did not name the waiver specifically. To ensure there is a full audit trail that links an Officers approval to the correct waiver, it would be useful if waivers are named in the email chain. This has been discussed with the service area who have agreed to take appropriate action.

### Audit Scope

A review of the Waiver process was undertaken (November 2023) and controls were reviewed in the below areas;

- Processes for requesting and approving waivers.
- Staff awareness.
- Document retention.
- Process oversight.

Discussions were held with the Senior Procurement Business Partner, and a sample of Officers who had a waiver approved during the period reviewed (01/01/2023 – 08/11/2023).

A random sample were selected to ensure waivers followed the prescribed process. Waivers that are requested but not approved are not recorded.

### Other Relevant Information

The total number of waivers approved at CDC during the test period reviewed were 7, with a total cost of £709K. One waiver was for £486.5K and another for £69K, both were deemed to be urgent works. The criterion for granting waivers is stated in the Council’s Contract Rules, which are being complied with. We accept urgent works require waivers to be used, but making better use of the Procurement and Commissioning Group meetings should help to reduce the number of waivers being requested.

2 actions have been agreed with Publica to address the findings.

## Revenues and Benefits Service Review – Final Position Statement – February 2024

### Introduction / Background

This audit is an advisory piece to review the Revenues and Benefits Service. The audit was requested by Cotswold District Council, with the view to identify areas for consideration and lessons learned which can be utilised going forward as necessary.

We have acted as a “critical friend” and have reviewed decisions and processes within Revenues and Benefits, as well as held discussions with Management and drawn conclusions from observations made.

We focused our audit on four key areas, and have split our findings below accordingly:

1. Service - HR
2. Service - Business as Usual (BAU)
3. Effect of Covid and the Civica Implementation Project on Service Provision, and
4. Introduction / Implementation of Civica

It should be noted that Revenues and Benefits are currently undertaking their own service review, which includes process mapping to align services, and regular staff 121s planned in which collection rate KPIs will be discussed. This, alongside other work recently undertaken by the team, is likely to resolve many previously identified issues.

The latest assurance levels given in the 2023/24 Revenues and Benefits audit was a High Substantial for Housing Benefits, and High Reasonable for Council Tax and NDR.

### Findings

#### 1. Service - HR

We reviewed the structure of Revenues and Benefits, with consideration given to resourcing, lines of communication, and culture.

#### - *Structure of Revenues and Benefits*

The service is split into two halves: Council Tax and NDR, and Housing Benefits. The service is managed by the Business Manager – Environmental, Welfare & Revenues Service (BM-EW&R), who is supported by the Revenues Manager and Revenues Operation Lead for Council Tax/NDR, and the Benefits Manager and Assurance Manager in Housing Benefits.

#### - *Resourcing*

- o We created a staff chart to understand current resourcing, as well as to obtain a view of resourcing during the Civica implementation.

	Civica Implementation		June 2023
	May 2020	June 2021	
<b>Council Tax / NDR cost centre</b>			
<b>No. of Employees</b>	29	28	28
<b>FTE</b>	22.66	23.65	23.52
<b>Housing Benefit cost centre</b>			
<b>No. of employees</b>	31	28	25
<b>FTE</b>	25.64	25.01	19.98

- We noted the Revenues Manager is listed in Business World as the manager for 23 Council Tax/NDR officers. And the Benefits Team Leader is listed as the manager for 14 officers.
  - We accept that Business World may not be up to date, and there are Team Leaders within the service. However, it may be worth reviewing if current line management provision is adequate and/or effective.
- *Lines of Communication / Culture*
- Discussions with officers found that team meetings were short and that there was limited opportunity to raise matters. We were informed that 121s did take place at that time, but that they were more focused on staff wellbeing than on day to day work. Given that officers were generally working from home from March 2020, and a new system was being developed/implemented, perhaps an approach that used a standardised template including both wellbeing and day to day work would have allowed for more consistent cascading of information both upwards and down through the organisation.
  - Senior Management became aware of operational concerns through internal audit reports.
  - We noted that there are many employees who have worked within Revenues and Benefits for several years and were advised that there is not a high turnover of staff. However, the table above shows a reduction of 5 FTE in the Housing Benefits cost centre.
  - A low turnover of staff is positive and speaks of the culture and relationships in place. But a low turnover could lead to unwanted habits forming, or an unwillingness to embrace change in terms of ways of working and new technology. We were informed that management work harder with specific members of staff as necessary to ensure this is not the case.
  - A risk of experiencing both change, and trying to train on the new technology virtually, is that stress levels can be exacerbated, and it can feel like the pace of change is too quick. Subsequently, a delay in being fully trained can impact confidence, which can make people feel like they are not as capable at their job as they once were.
  - Discussions highlighted a perception amongst officers that information requests from Internal Audit must be actioned immediately, and all other work must be dropped. Again, this is likely to contribute to officer stress levels, and actions have been taken by Internal Audit to try to mitigate this.
  - A local authority's role is to help and support vulnerable people who require council services, but perhaps this has been forgotten in favour of focus placed on efficiencies. Review of copy correspondence held on customer accounts found that customer service is not always a priority or refresher training may be required. For example, within Council Tax/NDR we noticed instances of different members of staff giving different information to the same customer, requests for changing information such as C/O addresses missed, and one long standing member of staff repeatedly responding to the email correspondent (the name within the email address) instead of the customer who was making the enquiry. Within Housing Benefits, we noted cases where responses to customers, who may be vulnerable and require help were blunt and formal. Providing a refresher Customer Services course, for example, through iHasco, or one tailored to customers who may be contacting the service would be of benefit.



## **2. Service - Business as Usual (BAU)**

We reviewed BAU processes including previous outstanding actions. The following is a summary of our findings.

- *Process / Procedures*
  - o Process mapping is currently underway within Revenues and Benefits to review and align processes between sites.
  - o A Priority 3 action was raised for Publica as part of the 2023/24 annual audit to support this.
- *Housing Benefit – Overpayment Recovery*
  - o We identified in our 2022/23 audit that the recovery of Housing Benefit overpayments at CDC and WODC had not taken place since moving over to the Civica system. Recovery was initially halted during the pandemic as courts were closed and prosecution was not possible. In November 2022, the amounts identified were CDC – 622 overpayments, value £338,846 and WODC – 848 overpayments, value £633,882.
  - o We were advised that although invoices had not been raised, letters were sent to the claimants advising them at the time the overpayment occurred.
  - o We understand Business World may have been considered as a back-up, but officers advised that they were not instructed to use Business World and that the issue with the Civica Sundry Debt module would be resolved.
  - o We were also advised that a decision was made by the Councils to not raise these outstanding invoices until after the election period (May 2023).
  - o Given that we are now in a Cost of Living crisis, the initial decision to not recovery Housing Benefit is questionable but was unforeseeable.
  - o We understand all invoices have now been created and issued. We will re-visit this area in our next annual audit.
- *Council Tax – Closed Accounts with Credit Balances*
  - o We identified in our 2022/23 audit that significant amounts were held in closed council tax accounts. In November 2022, CDC had £918,498 and WODC had £805,358. We were advised that money is refunded directly to customers where these details are known, and letters are sent to customers who have left a forwarding address. However, importance must still be placed on ensuring monies owed to customers is repaid and not retained for many years on the councils' balance sheet.
  - o We understand these accounts in credit are being reviewed, with resource being allocated from Customer Services to expedite the process. Procedure notes will help facilitate Customer Services staff as they are drafted in to support the Revenues and Benefits team. We will re-visit this area in our next annual audit.
- *Council Tax and NNDR Collection Rates*
  - o During Covid nationally collection rates decreased; evidence supports that these have improved.
  - o KPIs are regularly reported on, and we were advised that this data will be used in staff 121s going forward, allowing for more awareness of workloads, and more accountability.
- *Outstanding Agreed Actions*
  - o Two actions were agreed during the recently completed 2023/24 audit. We will follow up progress in due course.
  - o All actions raised prior to this have been completed. We will continue to assess key controls in our annual review of Revenue and Benefit systems.

Throughout our review there was no evidence of instructions given by the Councils, or from within Revenues and Benefits, to reinstate the recovery of unpaid Council Tax, NDR or Housing Benefit overpayments as and when this became possible.

### **3. Effect of Covid and the Civica Implementation Project on Service Provision**

We reviewed the effect Covid had on service provision, including a timeline of decisions made, instruction from the government, the implementation of Civica, and the impact on staff morale.

- *Covid 19 Based Decisions*
  - o Shortly after the national lockdown on 23<sup>rd</sup> March 2020, the decision was made locally to suspend the recovery of unpaid Council Tax, NDR, and Housing Benefit Overpayments (26<sup>th</sup> March 2020). The decision was made on the basis that recovery could not commence if courts were not open.
- *Government Guidance / Legislation*
  - o In April 2020, the Department for Work and Pensions (DWP) advised that DWP Debt Management was suspending the recovery of debt, which included Housing Benefit debt.
- *Civica Implementation Project*
  - o In May 2020, the implementation of Civica commenced. This was completed in June 2021.
- *Further Government Guidance / Legislation*
  - o In July 2020, DWP Debt Management advised they had slowly recommenced debt recovery services, including Housing Benefit debt recovery.
  - o The recovery of Housing Benefit overpayments was not reinstated by the Councils/Publica.
  - o Between July – September 2020, the first round of business grants were issued. These were processed by the Revenues and Benefits team.
  - o In August 2020, DWP Debt Management advised they were now able to accept Payment Deduction Programme (PDP) recall files again.
  - o In December 2020, the second round of business grants commenced. This round of business grants were processed by temporary resources and managed by two officers independent from the Revenues and Benefits service. The BM-EW&R had oversight of this work in addition to their day job. Subsequent business grants were also processed by the same officers.
- *Effects of the Civica Implementation Project*
  - o We were advised that with hindsight, it would have been better to wait than to implement a new system during Covid. However, this was not a choice available, as the procurement process had been completed and the contract was awarded. Also, that there would have been a financial impact if implementation was delayed as Northgate had been served notice and for them to continue would have incurred additional charges.
  - o We were informed that the impact of the implementation of Civica was not significant as much of business as usual had ceased due to Covid, the grants, and a cost of living crisis.
  - o We were advised that training staff in the new system was impacted as this could only be done virtually, resulting in staff taking longer to learn the new system.

It is clear that both Covid, and the implementation of Civica, had an impact on service provision. Although some business as usual tasks were halted at the beginning of the pandemic, it is not known why these tasks were not re-implemented when possible. The Revenues and Benefits team were managing the first round of the business grants whilst virtually implementing a new system, therefore perhaps this is why some business as usual areas were missed.

#### **4. Introduction / Implementation of Civica**

We reviewed the introduction / implementation of Civica, including areas such as the initial business case, through to how Civica operates.

- *Business Case Approvals / Cost*
  - WODC Cabinet approved the Civica tender on 27/05/20, and CDC approved it on 01/07/20. However, the Civica Project Highlight Report shows the actual start date of 13/05/20. We were advised that the start date is reflective of work undertaken in FoDDC, and as they already had the system in place the approval process did not apply to them in the same way.
  - We were informed that a procurement process was undertaken, and the contract was awarded at the start of 2020. This suggests that the decision had been made by Management to award the contract to Civica before Members had approved the contract. However, as mentioned above, this could be due to FoDDC's work being undertaken first, but we do not have evidence to support this. It could also be a result of lockdown as formal meetings were suspended and some decisions were made and approved outside of meetings, or that discussions were held with informal cabinet, which again we do not have evidence of.
  
- *Reporting*
  - The BM-EW&R was the Project Lead for the implementation. The Assistant Director for Resident Services was on the recipient list for all Civica Progress Highlight Reports but did not attend the project (operational) meetings. We were advised that the Assistant Director for Resident Services and BM-EW&R had separate 121s regarding this and they were therefore informed.
  - The BM-EW&R was not aware of any issues with the system until testing, and the Assistant Director for Resident Services was not aware of any system function issues until our 2022/23 audit.
  
- *System Functions including Notifications and Alerts*
  - The Civica system that was implemented is not aligned and does not function in the same way across all Councils. FoDDC has a legacy system, and both CDC and WODC were new systems, which were configured differently to FoDDC. Civica has been asked to provide a quote to undertake a technical audit with the aim of identifying the differences between the Council's systems (e.g., the way that modules are being used by each), to assess where consistency can be adopted and where configuration changes may be required, and to identify areas of the system that are not being utilised but could be.
  - The Sundry Debt module did not work at CDC and WODC from going live (December 2021 for CDC and February 2022 for WODC) to when we reported this in June 2023. We understand this has been resolved.
  
- *Roles and Responsibilities*
  - There were 6 Revenues and Benefits officers involved in the implementation, with the BM-EW&R as Project Lead. This officer was also overseeing business grants processing as well as overseeing Environmental Health, Welfare Support, Food Safety, Car Parking and Licensing services. Some of which were new additions to their management portfolio.
  - The Revenues and Benefit implementation team did not ask Publica to provide project management support as it was felt they did not have a working knowledge of the service and therefore would not add value. A consultant was brought in for technical knowledge and expertise in system integration. He provided 122 hours between August 2020 and March 2021 (3.3 weeks work over a 7 month period). We were advised he was on hand to answer questions and provide support as necessary.
  - Publica provided ICT project management support.
  - There was no Publica finance officer present on the project team, which we would expect to see on a major system implementation project. However, the BM-EW&R had briefings with the ex-CDC S151 Officer (who left in July 2022), where highlight reports were presented, and progress discussed. We were advised a Publica Accountant requested additional reports be created within the Civica system.

## Conclusion

*NB: This report reflects our findings at a specific point in time, i.e. March 2020 – May 2023. We have also considered actions taken since May 2023 to December 2023. We have been informed that further progress has been made since writing this report. This includes the service being up to date with Housing Benefit processing, and only a small backlog in the Revenues service area.*

The Revenues and Benefits team are working to rectify the issues highlighted and have already been successful in many aspects such as:

- Improving BAU processes after the challenges of Covid, and
- Resolving some of the technical issues with the Civica system.

Government information available during the pandemic, and the timing of the Civica implementation project in particular, impacted recovery, reputation, finances, and culture. It is clear that the effects of both have had a lasting effect on the Revenues and Benefits team. The introduction of regular staff 121s with KPI monitoring is a positive step to help monitor performance/accountability, but a 121 is not just about performance. It should be a two-way process and it is important that staff welfare is discussed, and support offered where necessary. Regular engaging team meetings will also help with communications and mitigate against a feeling of isolation due to remote working.

In light of the decision to remove services from Publica going forward, mindfulness should be paid to the potential increase in stress felt by employees, and the ramifications this could have to the culture of both Revenues and Benefits, and Publica as a whole, regardless of whether a service is returned to the Council or remains within Publica.

This culture could further impact upon customer services, and therefore the wellbeing of employees should be at the forefront of decisions, with a view to ensuring vulnerable members of the community are given the service they deserve.

Although we have not made any recommendations in this report, there are a number of areas / lessons learned that we feel should be considered so that services delivered to the public are of a high standard.

Finally, it should be noted that some of our findings are of a cultural nature. Our professional assessment of the cultural landscape that exists, which is difficult to evidence, is not a favourable one. Some of the above listed findings within this report were identified in our 2022/23 annual audit, which may not have been identified if we had not performed the review. The role of Internal Audit is to add value and improve operations; it should not take an external review to uncover fundamental business as usual tasks that are not being performed, and the fact that these were missed could be due to culture.

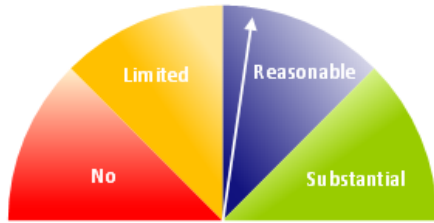
The Revenues and Benefits Service is a product of its culture – the Investors in People 2021 survey results (for Publica) included reports of bullying which can lead to fear and uncertainty in the wider organisation. This is not healthy, and typically leads to various issues such as siloed working, employees working beyond capacity, and an insistence that all is well. Both Publica and the Councils have a responsibility to ensure that psychological safety is felt by all employees at all levels, and this tone must start from the top in order to take effect.

# Risk Management Framework and Process – Final Report – March 2024

## Audit Objective

To provide an assessment of the current risk management framework arrangements of Publica and its partner Councils.

## Executive Summary



### Assurance Opinion

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

### Management Actions

Priority 1	0
Priority 2	2
Priority 3	2
Total	4

### Organisational Risk Assessment

Medium

Our audit work includes areas that we consider have a medium organisational risk and potential impact.

## Key Conclusions

	Prior to the November 2023 meeting, Audit and Governance Committee had not received a report on risk since September 2022. If regular reporting and discussions are not held then the Committee cannot effectively monitor, and challenge actions and mitigations. Also, there was no evidence of risk management training being provided, which again would help members understand their responsibilities.
	Risk Management e-learning, for staff, is currently only a temporary provision; it is a cut and paste exercise of the Risk and Opportunity Management Strategy. There is no data/information that confirms additional training has been offered to staff.
	There is limited evidence that demonstrates Risk Owner's liaison with Insurance Services. The risk is that insurance policies may be invalidated if incorrect risk information is shared with the Council's Insurers.
	As a matter of good practice, a Risk Maturity Self-Assessment should be conducted regularly; This has not been completed for CDC. The benefit of this is that it provides a structured approach for an organisation to evaluate their capabilities, which helps to drive improvements.
	The Joint Risk Management group that was regularly attended by retained officers has recently undergone a redesign which has allowed for further enhancements. Management of the Council's risks are now individually focussed.

## Audit Scope

This audit reviewed the effectiveness of the Authorities Risk Management arrangements. This included a review of the following areas:

- Risk Management Strategy and Framework;
- Risk Maturity;
- Risk Management training and awareness – this will include a survey of a selection of officers across the Council to assess the embeddedness of Risk Management;
- Corporate, service, project, and partnership risk registers; and
- Risk reporting and escalation.

This list is not exhaustive.

## Summary

Our review of the Risk Management Framework and Process demonstrates that work is underway to embed risk management within Cotswold District Council (CDC).

The Risk and Opportunity Management Strategy is robust in respect of the information it currently holds. However, it does not include a defined Risk Appetite, although a standardised risk tolerance is in place. Publication of a Risk Appetite Statement within the Risk and Opportunity Management strategy could be considered by the Council. The advantage of this approach lies in equipping staff members with the ability to adeptly handle various types of risks without obstructing the pursuit of Strategic Objectives.

It was also identified that the Service Planning template did not hold information relating to risk. We can confirm that Risk has now been added to the Service Planning template.

The Council does not have Risk Champions. Risk Champions assist with embedding operational risk management as they operate as a point of contact in each service area. Moving forwards, this is something that could further assist with embedding risk management across the Council.

We conducted a total of three surveys: Strategic and Operational Risk Management activity, and Peer Benchmarking. The information provided in these surveys have helped to inform the conclusions detailed above along with a Management Action Plan to address the areas identified.

