Cotswold District Council

Report of Internal Audit Activity

April 2023

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Unrestricted

Contents

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- Contents:

  Internal Audit Definitions

  Audit Plan Progress

  Finalised Audit Assignments

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

No	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.
Limited	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.
Reasonable	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.
Substantial	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.

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

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.

Definitions of Risk

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

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority 1	Priority 2	Priority 3	Comments
Operational	Procurement Cards	Final Report	Low Limited	6	2	4	-	Reported in September
ICT	Vulnerability Management	Final Report	High Reasonable	1	-	1	-	Reported in September
Operational	Business Grant Funding – Post Payment Assurance	Final Report	High Substantial	0	-	-	-	Reported in September
Operational	Election Expenses – Treatment of VAT	Final Report	Medium Substantial	1	-	-	-	Reported in September
Operational	Accounts Payable (Qtly review)	Continuous						See Appendix C
Operational	Business Grant Funding Omicron Schemes – Post Payment Assurance	Final Report	High Substantial					Reported in January
Operational	Planning Validation Process	Final Position Statement	N/A					See Appendix C
Operational	Climate Change (Strategic)	Final Report	Low Reasonable	3	-	1	2	See Appendix C
Operational	S106 Agreements and Funds	Draft Report						
Key Financial Control	Council Tax and NNDR	Draft Report						
Key Financial Control	Housing Benefit and Council Tax Support	Draft Report						
Key Financial Control	Treasury Management	Draft Report						
Key Financial Control	Accounts Receivable	Draft Report						

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Key Financial Control	Bank Reconciliations	In Progress						
Operational	Taxi Licensing Safeguarding	In Progress						
Operational	Business Continuity Management	In Progress						
Operational	Property and Estates Services	In Progress						
Operational	Human Resources	In Progress						
Operational	Publica Performance Information	In Progress						
ICT	Business World – Workflow and Approvals	In Progress						
Follow-Up	Asset Management and Commercial Property	In Progress						To be included in new audit – Property and Estates
Operational	Management and Monitoring of Contracts							Time to be allocated to nee Procurement Audit
Operational	Mechanism for Charging Council							Commenced but deferred as piece of work being undertaken by Publica Officers
Support	Business Grant Funding – Post Payment Review	Complete	N/A	-				Head of IA working with Head of Service, Counter Fraud and Enforcement Unit to conduct post payment review

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
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	Support to the Agile Working Project	Complete						
Advisory	Environmental Services Improvement Programme	On-Going						
Advisory	Procurement and Commissioning Group	On-Going						
Advisory	Health and Safety Working Group	On-Going						
Advisory	Publica Improvement Programme	On-Going						
Grant Certification	Test and Trace Payment Scheme	Complete	N/A					
Grant Certification	Contain Outbreak Management Fund	Complete	N/A					
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

Planning Validation Process – Final Position Statement – December 2022

Introduction / Background

The Planning Validation team was recently created, the goal being for each member of the team to be able to validate planning applications across the 3 partner Councils. We were requested to undertake an audit to provide assurance that effective procedures are in place and that planning applications are validated in accordance with legislation.

Discussions were held with the service area, which identified that processes were still being updated, and that not all Officers are currently able to work flexibly across the 3 Councils. Due to this it was agreed that an assurance opinion would not add value at this current stage. Instead, we have sought evidence to support statements made, and based our conclusion on analysis of planning validation data, control testing where applicable, publicly available information, and observations during our review.

We will revisit this area with a view to providing an assurance opinion once ongoing work has been completed.

Findings

1. *Staff Training*
   Validation Support Team Leader advised that staff training is underway but will not be complete until September 2023. We found up to date procedures are not in place. Without these there is an increased risk of errors, as well as a risk of validations not being completed within agreed timescales.

2. *Validation Checklists*
   At the start of the audit, all checklists were due for review. We have been informed that checklists were sent to Portfolio Holders, Members, and Senior Management to view before going live with the documents. Although it has been reported that positive feedback has been received, the "go live" date has been delayed from the end of the year until 1st February 2023. This is due to a predicted backlog of invalid claims throughout the Christmas period. Prior to this date, we have been informed that communication with agents, consultants, and residents is planned, as well as updating the websites and planning portals.

3. *Uniform Templates*
   At present, Officers do not have access to complete autogenerated templates within Uniform – the reasons for invalid applications are being updated, which is planned to come into effect when the new checklists go live in February 2023.

4. *Performance, KPIs, and Monitoring*
   There is a disconnect between KPI reporting by the Business Information Lead, and the Validation Team. The Business Manager is not involved in the current KPI reporting process, which sees information collated by the Business Information Lead in the form of a Development Manager Dashboard. There is also a dashboard which is sent to Members, which contains a Validation KPI within. The Business Manager was unaware of which KPIs are being reported in these dashboards, and to whom they are being reported.
   The Business Manager collates and uses their own KPIs, however, the disconnect detailed above suggests silo working is in place. Silo working needs to be resolved as soon as possible to ensure consistent information is being reported, and that thorough oversight is maintained.
   Customer satisfaction is not monitored at service level, however the Business Manager wants to introduce the monitoring of informal complaints. This will feed into KPI reporting, and help obtain a sense of how the team are performing. Whilst it is encouraging to see the use of management data, it should be noted, that each Council has a formal complaint process in place which should be made available to an applicant.
   Benchmarking is not undertaken outside of the Publica environment. We suggest that the team regularly benchmark against other district Councils (other than CDC, WODC, and FODDC) to compare processing times, fees and charges, and information available to customers.

5. *Data Analysis*

High level data analytics (DA) were performed using the Validation Tracker on applications received between 1st January and 21st September 2022.

From the DA performed, we can see that:

- On average it takes FODDC almost twice as long to validate an application compared to WODC, despite receiving only approximately half of the applications as WODC.
- The Validation team have a target of 7 days to validate an application. The average amount of days to validation for each Council between January – September 2022 was:
  WODC: 5 days
  FODDC: 9 days
  CDC: 7 days
- In June 2022, each Council validated the following percentages of applications received:
  WODC: 85% (234 applications received)
  FODDC: 90% (124 applications received)
  CDC: 95% (262 applications received)

Conclusion

We recognise that the team are still working on processes, and discussions have confirmed that some developments are not planned to be delivered until well into the new financial year. Based on our findings it is unlikely that robust and consistent processes for flexible working across all Councils will be in place soon.

The areas that lead to this conclusion are as follows:

- Time to develop fully trained Officers – The current estimated date for all Officers to be fully trained is September 2023, but this may be longer if there is staff turnover. The need for current up to date procedures is even more important in the current circumstances.
- Delays in publishing validation guidance (checklists) on each of the Council's websites - The final versions of the checklists provided to us are dated June 2022. Waiting until February 2023 will mean the service will have had more than six months to consult and engage with all interested parties. We would not assess this as being an effective process. Up to date accurate information must be available to both the Officers and the public, and the go live date must not be delayed further (currently planned to be February 2023).
- Expected backlogs during the Christmas period - We would suggest that service demand is likely to decrease during the festive season, therefore predicting a backlog does not give confidence that the service can deliver its goals.

Accounts Payable Continuous Auditing Analysis – Final Report – March 2023

Audit Objective	The objective of the continuous review is to identify potential duplicate payments, summarise, and present to the AP team for remedial action.

Audit Scope

Our review covers a period of 2 years, checking for potential duplicate payments at CDC, and between CDC and/or Publica, CBH or another Council. Findings have been summarised and reported to the Accounts Payable team for further review and remedial action where necessary. Findings have been followed-up during the subsequent review.

Assurance Opinion
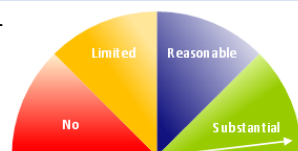
Quarter 1	Quarter 2	Quarter 3	Quarter 4

The assurance provided above relates only to the controls and processes operated by the Publica Accounts Payable service.
CDC officers and Publica service area officers are responsible for approving invoices for payment and therefore must ensure robust checks are undertaken prior to authorising a payment. This will help to limit the risk of duplicate payments being processed.

Testing / Findings	Q1 (July 22)	Q2 (Nov 22)	Q3 (Feb 23)	Q4
Total number of payments made	1095	908	1701	
Number of potential duplicate payments identified (paid twice by CDC)	0	2	0	
Potential duplicate payments as a % of the total number of payments made for the quarter	-	0.2%	-	
Value of potential duplicate payments	£0	£1,784	£0	
Total value of outstanding payments to be recovered	£0	£0	£0	
Number of potential duplicate payments identified (paid by CDC and another organisation)	1	0	1	
Potential duplicate payments as a % of the total number of payments made for the quarter	0.1%	-	0.06%	
Value of potential duplicate payments	£1,194	0	£143	
Total value of outstanding payments to be recovered	£600	£1,194	£1,337	

For Information

This continuous report will be included within the annual AP audit report and will support the annual assurance score.

Climate Change Strategy – Final Report – January 2023

Audit Objective — To ensure effective governance arrangements are in place to support and challenge the delivery of the Councils' corporate priority(ies) for Climate Change and the actions set out within Environment and Climate Strategy(ies).

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.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	1
Priority 3	2
Total	3

Risks Reviewed

The Council experiences reputational damage, and potential financial loss, through failing to deliver on one of its corporate priorities, and take appropriate action to mitigate the threat of climate change and its associated impacts.

Assessment

Medium

Key Findings

A Climate Emergency was declared by Full Council in July 2019 and commitments were made by the Council. Full Council approved the Climate Strategy in September 2020 and the Corporate Plan (approved by Full Council May 2022) includes a 'Responding to the Climate Crisis' table with SMART actions. Quarterly priority reports to Cabinet and Overview and Scrutiny Committee include Climate Crisis updates. Cabinet has a dedicated Member with Climate Change portfolio responsibilities including oversight of the Council Plan's climate actions and participating in Climate Leadership Gloucestershire meetings on behalf of the Council.

Climate Change KPIs have not been defined. CDC's Climate Strategy suggests annual emission reports will be published, but these are not available. O&S Committee have created a Task & Finish group to review KPIs. Publica will work with this group to support the implementation and reporting of agreed KPIs which will include climate.

Risk Registers presented to Audit Committee indicate 'No risks currently identified' within the 'Respond to the climate crisis' section. Risk Registers will be updated to reflect the associated risks of CDC failing to deliver corporate priorities and climate targets.

Audit Scope

Our review focussed on the following areas:
- A Corporate Plan and Environment and Climate Strategy have been developed and received Member approval to support the delivery of the Authority's Climate Agenda.
- Oversight and co-ordination of the delivery of the Environment and Climate action plan and the Climate Change corporate priority(s).
- Climate Change Objectives are SMART (Specific, Measurable, Attainable, Relevant and Timely).
- Performance monitoring and reporting.

Discussions were held with the Business Manager – Assets & Council Priorities, CDC's Head of Climate Action and relevant Publica Climate Officers

Environmental Impact Assessments are designed to support decision making by indicating how actions could impact the environment. Publica have created a Climate Impact Assessment Tool (CIAT) which includes environmental, climatic and social impact considerations. Their use is due to be trialled with a planned phased roll-out subject to review and Cabinet approval. Officers will be required to complete a CIAT to ensure projects and polices are meeting the Council's commitments to climate. Once the CIAT criteria has been completed, a dashboard and report will indicate any positive and negative impacts on a range of environmental and social considerations, and whether further review or changes are required.

Scope Limitations: Climate Change Operations and Carbon Reduction was not included in this review as separate audits focusing on these areas have been planned.

Additional Information

CDC's Corporate Plan has 2022 'responding to the climate crisis' actions to be delivered by April 2024. CDC's Climate Strategy 2020-2030 references a likely necessity for a thorough review at the mid-point in 2025, if not sooner. The Head of Climate Action is aware of these requirements but recognises this will be challenging with current resources and other climate work taking priority. He also advised that Gloucestershire County Council are due to publish a climate risk assessment which could be used to help develop CDC's strategy.

CDC committee report templates are updated to ensure specific implications are considered as priorities evolve. For example, templates now include a 'climate and ecological emergencies implications' heading. However, updates have not been communicated to all template users. A process should be implemented to rectify this.

CDC submit data to the internationally recognised Climate Disclosure Project (CDP). Public authorities from around the world, including many from the UK, use this platform to disclose climate relevant information. We were advised that there is a two-year delay with BEIS emission data, therefore the 2022 submission included district-wide emission data from 2020.

Partner Council's issue climate action newsletters to keep residents informed on work undertaken to address the climate emergency. Consideration could be given to implementing this at CDC or adding a climate section to the Leaders newsletters that are issued.

To ensure CDC can continue to meet their ambitious climate agenda, it is important that Cabinet, Council and Committees support the climate team's key role in reducing carbon emissions through allocating sufficient resources.