



**INTERNAL AUDIT
PROGRESS REPORT**

RUSHCLIFFE BOROUGH COUNCIL

SEPTEMBER 2023

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BDO

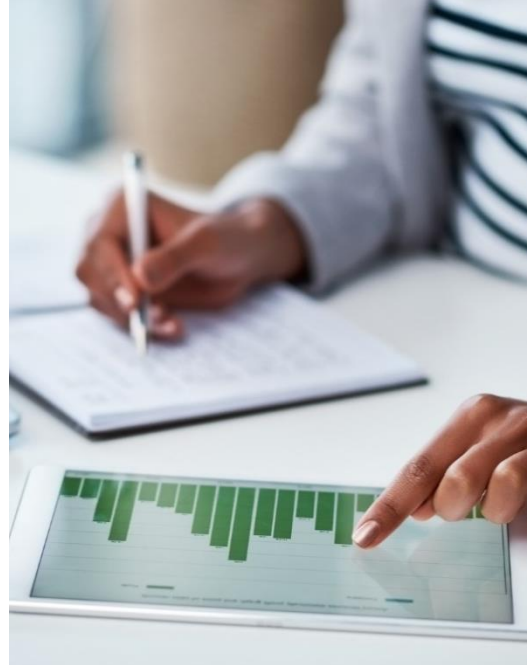
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SUMMARY OF INTERNAL AUDIT WORK

INTERNAL AUDIT

This report is intended to inform the Governance Scrutiny Group of the completion of the 2022/2023 internal audit plan and the progress against the 2023/24 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.



INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2022/2023 INTERNAL AUDIT PLAN

We have completed the work for the 2022/2023 internal audit plan, and we are pleased to present the following report to this Governance Scrutiny Group meeting:

- ▶ Project Management - Hybrid Mail

2023/2024 INTERNAL AUDIT PLAN

As part of the 2023/24 internal audit plan we have completed and are pleased to present the following report to the Governance Scrutiny Group:

- ▶ Main Financial Systems
- ▶ Markets - Income.

We have commenced our scoping and planning of audits for 2023/24 reviews and expect to present the following reports the next Governance Scrutiny Group meeting:

- ▶ Reconciliations
- ▶ Governance of Partnership Arrangements.

CHANGES TO THE 2023/24 INTERNAL AUDIT PLAN

As part of our scoping process with management, it has been requested that the Air Pollution and Fleet Management review focuses solely on Fleet Management for the following reasons:

- ▶ To maximise the value of Internal Audit's work, focusing on fleet management only will provide more time to have a deeper dive into the fleet management controls, including the management of vehicle replacement programme (and how this is aligned to the Carbon Management Plan), statutory maintenance of vehicles and compliance with the O-licence requirements
- ▶ BDO undertook a review of Environment in 2022/23 where we provided Substantial assurance over the design of controls and Moderate assurance for the effectiveness. While the scope of the review covered the Council's wider management of environmental strategies and policies, air quality and emissions data formed part of the review,

with a Medium finding raised around the Council's capturing and reliability of emissions data from some leisure centres, Cotgrave Precinct and the Depot. We have subsequently followed up on this recommendation with management and confirmed that work has been undertaken on communications around improving data quality.

We request the Governance Scrutiny Group's approval to revise the scope of this review to concentrate solely on fleet management.

REVIEW OF 2022/2023 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Fraud Report	June 2022	✓	✓	✓	N/A	N/A
Project Management (1)	September 2022	✓	✓	✓	M	S
Environment	September 2022	✓	✓	✓	S	M
Risk Management	September 2022	✓	✓	✓	S	S
Health and Wellbeing	November 2022	✓	✓	✓	M	M
Safeguarding	June 2023	✓	✓	✓	S	M
Main Financial Systems	February 2023	✓	✓	✓	S	S
IT Asset Management	November 2022	✓	✓	✓	M	S
Sustainable Warmth Funding	June 2023	✓	✓	✓	S	S
Channel Shift	June 2023	✓	✓	✓	S	S
Project Management (2)	September 2023	✓	✓	✓	S	M



REVIEW OF 2023/2024 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Country Parks Income	February 2024	✓				
Air Pollution	February 2024	✓				
Fraud Report	June 2023	✓	✓	✓	N/A	N/A
Governance of Partnership Arrangements	November 2023	✓				
IT General Controls	June 2024	✓				
Main Financial Systems	September 2023	✓	✓	✓	S	S
Markets - Income	September 2023	✓	✓	✓	S	S
Reconciliations	November 2023	✓	✓			
Rushcliffe Oaks Crematorium - Income	June 2024	✓				



PROJECT MANAGEMENT - HYBRID MAIL

CRR REFERENCE: FAILURE TO PROPERLY MANAGE DELIVER SIGNIFICANT PROJECTS

Design Opinion	● Substantial	Design Effectiveness	● Moderate
Recommendations	0	1	2

SCOPE

BACKGROUND

In December 2016, Rushcliffe Borough Council (the Council) relocated its offices from the Civic Centre to the Rushcliffe Arena. Due to the limitation on space at the Rushcliffe Arena the Council explored the hybrid mail solution, reducing the need for photocopiers and printers. The project was an initiative introduced as part of the ‘Digital by Design’ programme, to offer more digital communications and business operations and make best use of digital development to improve service delivery.

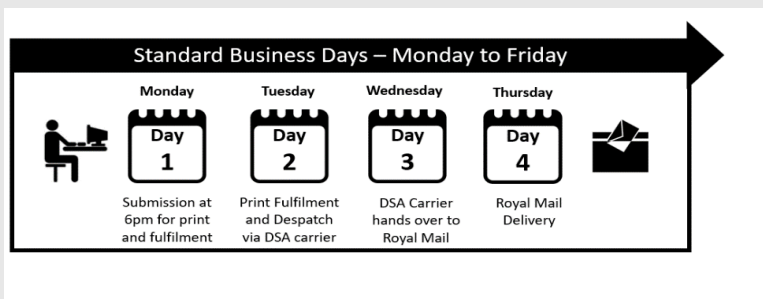
The hybrid mail transition has allowed the Council to deliver mail using a combination of electronic and physical methods. Digital data is transferred into physical letters at printing distribution centres located closer to the recipient’s address. Recipients can also receive electronic mail by entering a PIN to view the mail online. All post sent via hybrid mail is recorded in a ‘post box’ system, allowing users to monitor the delivery status of the mail.

The hybrid mail has a supervisory review process enabled so that a letter can be previewed before being sent out. A 2D barcode is placed within the envelope window to guarantee best value for postage costs.

Prior to the implementation of hybrid mail, the Council estimated that the annual postage costs for the Revenues and Benefits Team, who send large volumes of council tax and business rates bills to customers, exceeded £93,000. However, this fell to c£79,000 following the implementation of hybrid mail.

Initially the Council trialled hybrid mail for 12 months from July 2017, before investing in it across its services. Service Level Management (SLM) Ltd were commissioned to manage the hybrid mail process from preparation of the mail to despatching to recipients. Publisure operate the hybrid mail software for printing and despatching mail. Royal Mail are used as the postal carrier.


A summary of the Publisure hybrid mail process and timeframes can be seen below:



As part of the 2022/23 Internal Audit Plan, BDO did undertake a comprehensive review of the Council’s project management and concluded that the control design was Moderate, and the control effectiveness was Substantial.

AREAS REVIEWED

This review focused on the management of the implementation of hybrid mail project. The Council had a Project Management Framework in 2012 in place which we used as the basis for our review. However, this document is no longer in use which we noted in the Project Management review, has led to inconsistencies in project management across the Council. We assessed the project management of the rollout of hybrid mail against this framework and standard project management best practice from inception and initiation to the current status.

 AREAS OF STRENGTH


- The following were areas of good practice we found:
- ▶ The Council undertook a system review of the Hybrid Mail system in 2021, evaluating the user perceptions, the technical management and the supplier responsiveness. This concluded that there have been minimal issues with the system, and it has broadly delivered the necessary outputs required by the Council
 - ▶ A project initiation document (PID) was prepared for the initial phase of the project. This identified the operational benefits on reducing the amount of storage space for printing equipment in the Rushcliffe Arena and allowing home workers to print documents remotely. Following the increase of remote working since the Covid-19 pandemic the benefits through this have materialised significantly. The PID also provided a financial appraisal of the project, identifying potential savings that could arise.
 - ▶ Project risk assessment was done prior to commencement and a copy attached to the PID.
 - ▶ During the Hybrid Mail project, the project manager did deliver presentations to update them on its progress and outline next steps for integrating it across other departments in the Council.
 - ▶ The Council migrated its end provider for production and despatch services from GI Solutions to Nottingham County Council in 2022. A project plan was developed by Publisure outlining the objectives of the project. We were informed that there has been an improvement in the timeliness of delivery to recipients, as noted by fewer issues raised around delays by managers.
 - ▶ Publisure send a daily report to the Council of all documents submitted for printing, with a breakdown by each department that these came from. These are monitored on a spreadsheet and checked within 48 hours that they have been confirmed (received by the printers) and if there are any variances, these are raised as a fault on Publisure’s system to be investigated.

 AREAS OF CONCERN

Finding	Recommendation and Management Response
<p>Documentation relating to the initiation and monitoring on the hybrid mail project was not retained or accessible to the Council as the project manager has since left the Council (Finding 1 - Medium)</p>	<p>As part of the development of the Project Management Framework (see Finding 1 of Project Management Report) the Council should establish a standard filing structure for Level 3 and 4 projects, to ensure that project documentation can be accessed once staff have left. This should include:</p> <ul style="list-style-type: none"> • Files being numbered sequentially. • Approval for the project and key project documentation • Project governance documentation • Legal agreements with contractors or suppliers (signed by both parties) • Project performance reports. <p><u>Management Response</u></p> <p>The existing project management framework and associated documentation have been reviewed. An updated framework is currently being drafted, following discussions with colleagues across the organisation with experience delivering projects for Rushcliffe. Recommendations from the most recent Hybrid Mail audit regarding project management will be incorporated into this process and reflected in the updated framework. Once this initial draft is complete, it will be circulated for comment to colleagues in project roles. It is proposed that the final</p>

		<p>framework and associated documents be shared at a future leadership forum.</p> <p>Target Date: April 2024</p>
	<p>A documented evaluation/assessment of the hybrid mail was not conducted at the end of the one-year trial period to identify the financial and operational impact on the Council (Finding 2 - Low)</p>	<p>For future similar projects where there is a financial and operational impact on the Council, a formal and documented evaluation of the project should be undertaken at the end of the trial period, or at an agreed interval, to assess whether it has delivered the expected outcomes and savings. This should better inform the Council when considering whether to continue with these types of projects.</p> <p><u>Management Response</u></p> <p>As indicated above, the procurement officer involved in the original Hybrid Mail project has left the Council and whilst there are records relating to this project they had not been sufficiently organised to allow relevant documents to be easily shared for this audit or to demonstrate that evaluation of the project had been undertaken at various intervals.</p> <p>Whilst no formal evaluation was carried out for this project (that can be located) target savings are incorporated into the budget (and where applicable in the Transformation Plan) and therefore they are monitored via the normal monthly budget monitoring process and captured in the Transformation Plan and any targets not met would therefore be highlighted. The Council will follow a similar model for trial periods of services/goods moving forwards ensuring that regular meetings are diarised with the key stakeholders to review and evaluate the progress and impact of each project in terms of both financial and non-financial benefits before engaging in the project on a permanent basis.</p> <p>What was demonstrated with this project was that it has been a success with less printers, printing cost and a movement to successful electronic printing and thereafter postage by a third party.</p> <p>KPIs are in place and monitoring reports and exception reports are received on a weekly basis which we review on an exceptions basis and any budget variations would be separately reported.</p> <p>Target Date: April 2024</p>
	<p>The Council are unable to track the delivery of mail to recipients through Publisure. Internal testing of the process by the Council has identified some letters were received outside the agreed timescales in the SLA (Finding 3 - Low)</p>	<p>The Council should liaise with Publisure to ascertain whether they are able to track mail to delivery to the recipient within its system. If this involves additional postage costs, the Council should assess whether this provides sufficient value for money, obtaining assurance that mail has been delivered.</p> <p><u>Management Response</u></p>

		<p>Currently a tracked/signed for service is not available, but it is something that the County Council are planning to introduce. NCC are confident that tracking a single mail item to the point that included the Royal Mail aspect of delivered to the recipient is/unlikely not available in the Publisure system. The current plan is for the Publisure solution to give the following statuses: 'Pending Post', 'Printed' and posted and then to continue the audit trail with data input by us and provided by Royal Mail.</p> <p>Target Date: April 2024</p>
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CONCLUSION

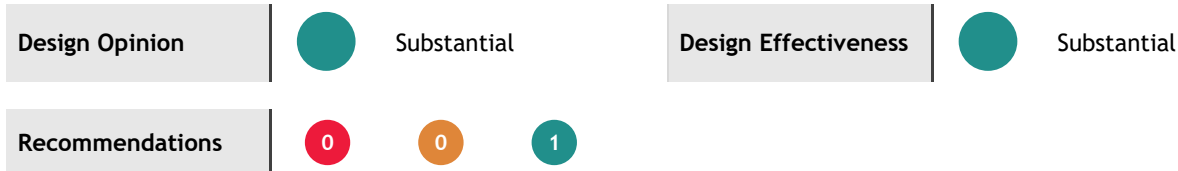
The Council has Substantial controls in place to support the project management and monitoring of its hybrid mail system. Due to the project managers having since left the Council, project documentation was no longer available, however, the hybrid mail system does operate effectively and has generated financial savings across Council departments.

However, due to system limitations, the Council are unable to verify that mail has been delivered to the recipient through the Publisure system, only that it has been sent out to the Royal Mail for delivery. Testing of this by the Council identified that 38.4% of letters are not consistently delivered in line with the agreed SLA.

Overall, this leads us to conclude that the control effectiveness for the oversight of the Hybrid Mail project is Moderate.

MAIN FINANCIAL SYSTEMS

CRR REFERENCE: POTENTIAL INFLATIONARY PRESSURES, WITH VOLATILITY OVER PREDICTION FOR BUDGET



SCOPE

BACKGROUND

- ▶ Local authorities are required to maintain sufficient effective controls over their main financial systems to support effective management of resources. Financial controls play an important role in ensuring the accuracy of reporting, eliminating fraud and protecting the organisation's resources, both physical and intangible. These internal control procedures reduce process variation, leading to more predictable outcomes
- ▶ Good treasury management is a key element of the effective management of working capital, ensuring that the organisation has cash available to meet its obligations while ensuring any surplus cash is managed within the council's appetite for risk and return
- ▶ Legislation requires local authorities to have regard to statutory proper practices in relation to treasury management, including CIPFA's Treasury Management in the Public Services Code of Practice (the Code of Practice) and CIPFA's Prudential Code (the Prudential Code), which provides guidance on recommended treasury management practices (TMPs). The Council's external treasury advisors, Link Asset Management, support of the Treasury Management Strategy and risk management. A Treasury Group also meets periodically to discuss and oversee treasury management, including identifying any counterparties that the Council no longer want to use. All long term investments are authorised by members of the Treasury Group
- ▶ The Council invest in low risk money market funds, banks and building societies and other local government bonds. Additionally, it has no borrowings, using its cash reserves to fund its capital programme
- ▶ We undertake a cyclical review of main financial systems, focussing on a different key financial control each year. As part of the 2023/24 review, we have agreed with the Governance Scrutiny Group and management for the focus to be on treasury management.

AREAS REVIEWED

As part of the scope of this audit, the following areas were reviewed:

- ▶ Treasury Management Strategy to assess whether it had been approved by Cabinet and relevant Committees, that it complies with statutory requirements and sufficiently outlines the approach and limits for investments and borrowing for the Council
- ▶ TMPs to ascertain whether these covered the minimum requirements of the Code of Practice, and clearly outlined the Council's treasury management procedures
- ▶ A sample of daily investments to assess whether these were processed in accordance with the limits set in the Treasury Management Strategy, with counterparties approved by the external treasury advisors, Link Group, and with appropriate levels of approval
- ▶ Treasury management performance reporting to confirm that the treasury management activity is presented to management and Members regularly, and in compliance with the Prudential Code, to support effective oversight and scrutiny of treasury performance
- ▶ A sample of monthly reconciliations between the investment cashflows spreadsheet and the general ledger system to confirm that they are prepared and reviewed with a separation of duties, and that they are completed accurately with appropriate backing data
- ▶ Risk management arrangements in relation to treasury, including risk registers and oversight of key risks by management and Committees, to assess whether risks are identified and managed effectively.

EXCLUSIONS

As the Council do not currently have any borrowings, we were unable to test whether money is borrowed in accordance with treasury management policies. Additionally, the Council has not made any long-term investments in the past two years and therefore, we were unable to test the approval process for recent long-term investments.



AREAS OF STRENGTH

During the review, the following good practice was identified:


- ▶ The Council’s TMPs were reviewed and approved annually by the Service Manager - Finance and the Director for Finance and Corporate Resources, most recently in January 2023. In compliance with the requirements of the Code of Practice, the TMPs identify the Council’s risk attitude for investing and borrowing, measures to evaluate counterparties for investment and the approved list of counterparties
- ▶ The Council prepares its budget annually in accordance with the priorities in the Medium Term Financial Strategy. This includes its capital investment strategy and its treasury management strategy for how to maximise returns from surplus cash. This is subject to review by the Service Manager Finance and the Director for Finance and Corporate Resources, before being scrutinised by the Governance Scrutiny Group and Cabinet. We observed the Governance Scrutiny Group in June 2023 and noted that there was robust scrutiny over the Council’s treasury management approach and liquidity risk, with its high levels of cash reserves
- ▶ Quarterly treasury management performance and activity reports are prepared for the Governance Scrutiny Group. These include: average rate of returns for funds invested, emerging treasury risks and the overall treasury position. The Prudential Code has mandated that treasury performance must be reported to local authority committees quarterly, from half-yearly, commencing in April 2023. The Council were already reporting on its treasury activity quarterly, indicating a positive culture for effective oversight. Additionally, amendments to the Prudential Code in December 2021, including reporting on the liability benchmark, have been incorporated into the treasury management reporting
- ▶ Daily investments in money market funds, local authority loans and bank bonds were processed with approved counterparties and in accordance with the limits set in the Investment Strategy. These counterparties were recommended by Link Asset Group, the Council’s treasury advisors, based on low-risk credit ratings. The Council have developed an effective formula-based Excel to appraise investment options to ensure that it maximises its returns, based on interest rates offered. These formulas also provide a check that an investment is with an approved counterparty and within the limits before a deal is processed. We reviewed 12 investments and verified that it was with an approved counterparty and in line with the counterparty limits, supporting the effectiveness of the investment appraisal document
- ▶ All 12 investment transactions were prepared by the Finance Technician and approved by the Finance Business Partner or the Service Manager - Finance, ensuring a separation of duties
- ▶ An officer-led Treasury Group meets monthly to monitor treasury risks and support effective decision-making using advice from Link. We reviewed the minutes of the meetings between September 2022 and June 2023 and noted that there were robust discussions on the investment strategy to maximise returns, macro-economic issues affecting treasury decisions and other treasury risks
- ▶ Treasury risks are managed effectively by the Treasury Group, with high level reporting on risks to the Governance Scrutiny Group, outlining the impact on the Council’s decision-making on investments and borrowing. This provides the Governance Scrutiny Group with reasonable assurance that risks are being monitored and that the strategy is informed by wider inflationary and interest rates in the economy.



AREAS OF CONCERN






Finding	Recommendation and Management Response
Evidence for the review and approval of the reconciliations between the investment cashflows spreadsheet, counterparty bank statements and the eFinancials system were not retained and accessible during our review. We were informed that these were usually held in Microsoft Teams chats between the preparer and the reviewer (Finding 1 - Low)	Evidence for the review and approval of the reconciliations should be retained in a folder on the Finance Team’s shared drive. The approval should be confirmed via an email from the reviewer to the preparer of the reconciliation. <u>Management Response</u>


		<p>A separate section has been added to the reconciliation for both preparer and approver to complete. This will be saved on the monthly treasury cash flow file.</p> <p>Target Date: 31 August 2023</p>
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 <p>CONCLUSION</p>	<p>Overall, the Council have substantial controls in place to support the management of its treasury function, underpinned by robust reporting on the performance and position of its investments. The Council have been reporting its treasury management activity quarterly to the Governance Scrutiny Group since 2022/23, despite the Prudential Code only mandating this frequency of reporting from April 2023, reflecting the transparent approach. The Council do not currently have any borrowings as its capital investment programme is funded from its cash reserves.</p> <p>Across its treasury processes, whether it be daily investments or reconciliations, a separation of duties was embedded; albeit records were not retained for the approval of reconciliations. The investment appraisal process was more mature than other local authorities, with formulas built into the investment cashflow spreadsheet to identify which funds provide higher returns and whether investments would be within the counterparty limits.</p> <p>Similarly, there was robust oversight of treasury risks, through the Treasury Group. Adequate assurance is provided to the Governance Scrutiny Group that macro-economic risks are being considered as part of the decision-making.</p> <p>Therefore, as processes were well-followed and mostly documented, this leads us to conclude that the control effectiveness was also Substantial.</p>
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MARKETS - INCOME

CRR REFERENCE: FEE INCOME VOLATILITY

Design Opinion	 Substantial	Design Effectiveness	 Substantial
Recommendations	  		



SCOPE


BACKGROUND

- ▶ There are several markets within Rushcliffe Borough Council’s (the Council’s) jurisdiction, where market stalls are run by private businesses. Bingham Market is run every Thursday and managed by an external provider, Rural Retailers Ltd, on behalf of the Council
- ▶ Fees are charged for stalls at the Bingham Market ranging from £20 per market (for a 9x9ft stall) to £50 per market (for a 27x27ft stall), with an additional charge of £2 per day for electricity costs. Between April and May 2023, the Council have generated £2,819 income from the market stall, with some income received through other sources, including: rent from Number Sixteen (restaurant in Bingham Market for use of the market square), rent from an ice-cream van between April and September and hiring of the market for the weekend farmers market
- ▶ Other markets regularly held across the borough include: Bingham Farmers Market, Ruddington Village Market, Sutton Bonington Farmers Market and West Bridgford Farmers Market
- ▶ Cash receipts are collected from the markets by Rural Retailers and banked at the post office which is located in close proximity to the market at the end of the day. Rural Retailers maintain a record of all receipts which the Council reconcile with the income received on the bank statement. Other sources of income are collected through monthly invoicing and paid electronically to the Council.

AREAS REVIEWED

As part of the scope of this audit, the following areas were reviewed:

- ▶ Procedure notes for the collection, banking and reporting of cash receipts from the Bingham Market rents
- ▶ A sample of cash receipts from market traders to assess whether these collected and banked accurately and in a timely manner. We also confirmed that the banking receipt agreed to the cash collection spreadsheet provided to the Council by Rural Retailers Ltd
- ▶ Enquired about variances between the cash collection spreadsheet and the banking receipts to ascertain control weaknesses in recording the data and assess whether the Council investigated these appropriately
- ▶ Observed the cash collection process on 10 August 2023 to assess whether market traders were charge accurately and reasonable processes were in place to securely hold cash prior to banking
- ▶ Whether cash floats held were below the Council’s insurance limit
- ▶ Charging and collection procedures for other income sources from the market, including Number Sixteen café, the ice cream van and the farmers market
- ▶ Management reporting of income generation and cash collection from the Council-owned markets.




AREAS OF STRENGTH

During our review, we identified the following areas of good practice:

- ▶ The Council have a robust and documented cash and income collection procedure for the Bingham market. The guidance covers the timing of banking, the recording of cash receipts from traders and what information should be provided to the Economic Growth and Development Team. Furthermore, the guidance was up-to-date and accurately reflected our understanding of the cash collection and banking process

- ▶ Cash is collected from traders by the Markets Manager and stored in a bag. After collection, cash is counted and held in a secure safe which is only accessible by the Markets Manager before being deposited to the Council’s bank account at the Post Office. A payment slip/receipt is provided by the Post Office and a photograph is sent to the Economic Growth and Development Team with records of which traders were on site to reconcile
- ▶ Period spot checks of the market are conducted by the Economic Growth and Development Team to verify that the Markets Manager is accurately recording the number of traders at the market. This requirement is incorporated into the Stall Holders Rent Collection Process document
- ▶ Cash held on-site was significantly below the Council’s £15,000 insurance limit
- ▶ Of the 15 market days that we reviewed, in 13 instances the banking receipt agreed to the cash collection spreadsheet, or there was a reasonable explanation for the discrepancy. Any variances usually related deposits being balanced from the prior week or banking two week’s transactions at one time due to annual leave
- ▶ Monthly or quarterly invoices for Number Sixteen, the ice cream van and the West Bridgford Farmers Market were issued and paid in a timely manner. We reviewed the E-financials system and confirmed invoices were issued accurately an in line with the licence agreements
- ▶ The Economic Growth and Development Team track the income collected from each-sized market stall and the amounts banked for each week’s Bingham market. The purpose of this is to agree the expected amounts, based on the number of traders in attendance and the fees schedule, to the actuals banked
- ▶ The Service Manager - Economic Growth and Property reports the rent income and utility service charges against the costs to run the market through their monthly budget reporting. At the time of our review rental income of £5,600 had been collected against annual budgeted income of £22,400. This was on target with the profiled income.

 AREAS OF CONCERN	Finding	Recommendation and Management Response
	Records of cash collected from market traders did not agree to the banking receipts in two instances (£7 and £9 overpayments). Furthermore, cash was not provided to the Markets Manager in envelopes leading to challenges in tracing who the receipts relate to (Finding 1 - Low)	<p>a. The Economic Growth and Development Team consider whether the cash collection process for market stall should be amended to require traders to place cash in envelopes before giving it to the Markets Manager. The trader’s name and amount of cash in the envelope should be recorded on the front of the envelope</p> <p>b. The Economic Growth and Development Team should undertake a weekly check that the banking deposit receipt and the cash collection spreadsheet reconcile and record confirmation that this check has been completed.</p> <p><u>Management Response</u></p> <p>a. Agreed - The Council will work with the Markets Manager to implement this ensuring she has envelopes to enable cash to be collected and amounts given by individual traders and more accurately accounted for</p> <p>b. The Economic Growth Team already do a weekly check of the receipt and spreadsheet. The minor anomalies identified could be linked to a new member of staff taking on this responsibility. The team will go through the process with them again and ensure they are confident to avoid any further issues.</p> <p>Target Date: December 2023</p>



CONCLUSION

Overall, the Council have substantial controls to support its management of market income, from its weekly Thursday morning markets to the additional income generated through licence agreements.

Roles and responsibilities for collecting and banking cash were well understood, with proportionate security and checking arrangements based on the amount of cash collected, in accordance with the Council's insurance requirements. Furthermore, we observed the cash collection at Bingham market on 10 August 2023 and noted that the accurate amount was collected from traders.

One low significance recommendation has been raised for the unexplained overpayment variances on two occasions at the market. However, these exceptions were low value.

SECTOR UPDATE

This briefing summarises recent publication and emerging issues relevant to local government that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior management and Members.

THE GOVERNMENT HAVE LAUNCHED ITS NEW SPORTS STRATEGY TO GET AN ADDITIONAL 3.5 MILLION ADULTS AND CHILDREN PHYSICALLY ACTIVE BY 2030

The Government will work with former sports stars, health professionals and fitness experts to help an additional 3.5 million adults and children get physically active by 2030, as part of a major national activity drive. On 30 August 2023, the Government launched its ‘Get Active: a strategy for the future of sport and physical activity’ targeting an improvement in sports facilities, a strong network of sports clubs that are open to everyone, better physical activity and sport in schools, and confidence in sport and the sector to improve physical and mental well-being in the community.

At the heart of the strategy are the core three priorities:

1. Being unapologetically ambitious in making the nation more active, whether in government or in the sport sector;
2. Making sport and physical activity more inclusive and welcoming for all so that everyone can have confidence that there is a place for them in sport; and
3. Moving towards a more sustainable sector that is more financially resilient and robust.

In response to the launch of the strategy, the Local Government Association have acknowledged the efforts of local authorities to prioritise public sport and provide leisure facilities to local communities, despite the financial challenges driven by Covid-19 and the cost-of-living crisis. However, the Chair of its Culture, Tourism and Sport Board noted that “more needs to be done at pace to integrate sport and recreation services into health systems and to invest in sport and recreation at grassroots and community level”.

The Chief Executive of Sport England, Tim Hollingsworth, has welcomed the new strategy, recognising the importance of significant and sustained commitment across the public and private sector to promote and facilitate more physical activity.

[LGA Statement on Sports Strategy | Local Government Association](#)

[Sport England’s Statement on the Government’s New Sports Strategy | Sport England](#)

[Get Active: a strategy for the future of sport and physical activity | Department for Culture, Media and Sport](#)

FOR INFORMATION

For the Governance Scrutiny Group and Executive Directors

LOCATION DATA CAN HELP BUILD THE ELECTRIC VEHICLE CHARGING POINT NETWORK OF THE FUTURE

By 2030, the sale of new petrol and diesel cars will be phased out and by 2035 all new cars and vans will be zero emission. In December 2022 the Geospatial Commission, an independent expert committee within the Department for Science, Innovation and Technology, published ‘Getting to the Point’ explaining how better use of location data can support the siting of charge point infrastructure. Using location data provides valuable insights customer demand to ensure that charge points are placed in suitable locations to meet local needs and drive a seamless consumer experience of electric vehicle charging.

Building on this report, the Geospatial Commission have released a supplementary report for local authorities on how they can use location data to direct the installations of charging points. While private operators are likely to cover high traffic areas to meet demand, local authorities are increasingly turning their attentions to poorly served, often rural areas to maintain social inclusivity in the communities. To effectively deliver this, local authorities will need to cooperate across administrative boundaries to deliver a coordinated provision of charging points across the road network. They will need to understand charging demand including from visitors originating outside their area, the locations of commercial and private charge points and the better integration of the provision on local and strategic road networks.

Central to the rollout of electric vehicle charging points is a clear understanding of the existing and planned built environment is important too. This includes highways and road networks, pavement suitability, pavement width, street furniture, building and property types, car parks, whether the land is publicly or privately owned, residential parking, planned buildings, off-street parking and accessibility data. Additionally, an understanding of the availability of energy in these locations is critical to the placement of charging points. Databases available to public sector organisations, such as Ordnance Survey's Data Hub, provide detailed data on road networks, buildings and boundaries. Distribution network operators data on grid capacity and mobile network operators provide aggregated and anonymised data on population movement patterns. The Geospatial Commission recommends in their report that local authorities should adopt a data-driven approach to its strategic rollout of charging points.

[Charging Ahead: Using location data to boost local EV charge point rollout | The Geospatial Commission](#)

FOR INFORMATION

For the Governance Scrutiny Group and Executive Directors

26 ENGLISH COUNCILS COULD ISSUE SECTION 114 NOTICES IN THE NEXT TWO YEARS

Research conducted by the Special Interest Group of Municipal Authorities (SIGOMA) has found that 26 local authorities in England could issue Section 114 notices, as a result of not being able to balance the annual budget, in the next two financial years. Five councils that form part of SIGOMA have declared that they could issue a Section 114 notice in the current financial year, with a further nine members issuing a Section 114 notice next year. According to SIGOMA's survey, the most common reasons for financial pressures were increasing demand for children's and adult social care, inflationary costs and wage rises, and increased borrowing costs are set to add to the financial pressures.

In response to the report, the Government reaffirmed its priority to halve inflation in addition to its commitment to a one-off funding guarantee to at least a 3% increase in core spending powers of every council before any local decision on council tax rates. It has also stated that it is providing around £2bn in additional grants for social care.

[Councils in Section 114 Warning | LocalGov](#)

FOR INFORMATION

For the Governance Scrutiny Group and Executive Directors

FINANCE NAMED AS MAJOR BARRIER TO INTEGRATED CARE SYSTEM SUCCESS

NHS Confederation released a report looking at the state of the systems one year after they became operational, optimistically subtitled "riding the storm", following a survey of leaders.

They have faced challenges such as the cost-of-living crisis, significant winter pressure, industrial action and a huge backlog of care.

Nearly half (45%) named 'lack of funding for social care' or 'current financial position of the NHS' in their top three barriers over the coming two years - only below 'pressure on and morale of the workforce' (53%) among concerns.

"ICS leaders are proud of the progress they've made in really tough conditions but they are deeply frustrated by some of the potentially soluble barriers that are hindering the extent to which they can get on with transforming services for their local communities," said director of NHS Confederation's ICS network Sarah Walter.

"They want to see these tackled urgently if ICSs are to fulfil their full potential."

In March, NHS England told integrated care boards they should plan for a 30% cut in their running costs by 2025-26 - even before adjusting for inflation, which means the real-terms cut could be closer to 40%.

[Finance Named as Major Barrier to ICS Success | Public Finance](#)

FOR INFORMATION

For the Governance Scrutiny Group and Executive Directors

NAO REPORT: WHOLE OF GOVERNMENT ACCOUNTS 2020-21

The National Audit Office has published the C&AG’s audit certificate and report on the Whole of Government Accounts 2020-21 (WGA). The financial statements were qualified due to:

- The non-consolidation of 155 components designated to the public sector;
- The definition and application of the accounting boundary;
- The inconsistent application of accounting policies;
- Qualifications in relation to the underlying statutory audits of bodies falling within the accounts including two that are significant - the Department of Health and Social Care, and the Department for Environment, Food and Rural Affairs;
- The consolidation of components with non-coterminous year ends; and
- The consolidation of components whose accounts have not been audited.





Whole Government Account 2020-21 | HM Treasury

FOR INFORMATION

For the Governance Scrutiny Group and Executive Directors







KEY PERFORMANCE INDICATORS




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Governance Scrutiny Group meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Director or Audit Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of Work	Only one survey response for 22/23 was received, scoring 4/5 for the overall audit experience. We will continue to send surveys out to officers with final report.	
Completion of audit plan	We have completed the 22/23 plan and are in line with our schedule for the 23/24, with scoping calls now held and terms of reference agreed for all reviews.	

APPENDIX I

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.



FOR MORE INFORMATION:

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