



**INTERNAL AUDIT  
PROGRESS REPORT**

RUSHCLIFFE BOROUGH COUNCIL

FEBRUARY 2024

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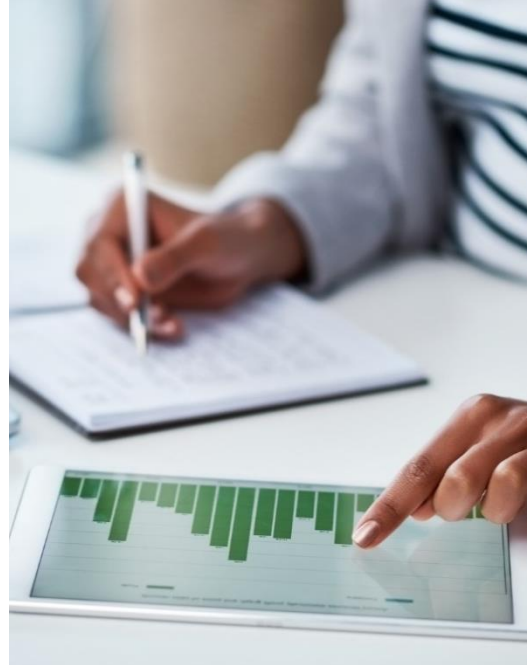
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# SUMMARY OF INTERNAL AUDIT WORK

## INTERNAL AUDIT

This report is intended to inform the Governance Scrutiny Group of 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.

## 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:

- ▶ Governance of Partnership Arrangements
- ▶ Country Parks - Income
- ▶ Grant Management Controls.

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:

- ▶ Fleet Management
- ▶ Rushcliffe Oaks Crematorium - Income
- ▶ IT General Controls.






# REVIEW OF 2023/2024 WORK

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



# COUNTRY PARKS - INCOME

## CRR REFERENCE: 13 - FEE INCOME VOLATILITY

Design Opinion	 Moderate	Design Effectiveness	 Substantial
Recommendations	 0	 1	 2



### SCOPE

#### BACKGROUND

- ▶ Rushcliffe Country Park, located within the borough, opened in 1993 providing facilities and green space for public use, and to restore biodiversity into the area. It was awarded the Green Flag Award in 2007 and has maintained this status since
- ▶ The Country Park provides a range of events activities and facilities to the public, including a visitor centre, outdoor exercise equipment, a play area, a skate park, trails, and other activities arranged by Friends of Rushcliffe Country Park.
- ▶ Rushcliffe Borough Council (the Council) generate income from the Country Park from:
  - Car parking - collected through the Ringo app with cash income from pay and display transactions collected by Broxtowe Borough Council
  - Concession contract for catering (café, ice cream and hot food)
  - Room hire, in conference room inside the education centre - through online bookings via Rushcliffe Venues booking system
  - Events for large groups
  - Trail sheets / dog bags - with customers paying into an honesty box
  - Ranger-led activities - paid by cash on the day
  - Notts Outdoor Educations Activity.
- ▶ Income is collected from customers for these activities in accordance with the Council's fees and charges schedule, on its website. Cash is banked from the Country Park by the Rushcliffe Country Park Manager who will take it to the Finance Team at the Rushcliffe Arena, usually monthly. The total income generated through the Country Park between April and November 2023 was:
  - Concession contract - £39,659 (with an annual income of £48,390 excluding bin collection and electricity costs)
  - Room hire - £4,286
  - Outdoor/open space hire - £2,761
  - Trail sheet, bird seed and dog bag sales - £2,237
  - Ranger-led activities - £1,496
  - Car parking (held outside of the Communities budget) - £64,910.

#### AREAS REVIEWED

As part of this audit, we reviewed the following areas:

- ▶ Cash, income collection and banking procedure notes to assess whether these provided sufficient clarity on processes and that they were clear to staff.
- ▶ Advertising of charges to customers for services provided at Rushcliffe Country Park to ascertain whether these were transparently promoted and publicised.
- ▶ A sample of cash receipts from the RCP Income spreadsheets to assess whether they were accurately banked.
- ▶ Income received from the concession contract/licences to confirm whether rent costs were accurately invoiced in line with the contractual terms and paid to the Council in a timely manner.

- ▶ Observe arrangements in place for securely holding cash at the Rushcliffe Country Park before it is transported to the Rushcliffe Arena for banking.
- ▶ Management reporting on income trends for the Rushcliffe Country Park to assess whether there is adequate monitoring of income versus targets and analysis of seasonal trends.




## AREAS OF STRENGTH


The following areas of good practice were identified:

- ▶ Charges for facilities, meeting room and event hire at the Rushcliffe Country Park were transparently advertised on the 'Fees and Charges' section of the Council's website. For indoor activities (room hire), customers book and pay directly through the Switch system on the website, which calculates the fee based on the time that the meeting room is booked for. A daily email is automatically sent to the Rushcliffe Country Park Manager from Switch to ensure they can verify that those using the meeting room in the Visitor Centre have paid. For large events, customers are required to fill out a hard-copy form, which is retained in the Country Park office, where it is recorded whether payment has been received. Charities and not-for-profit organisations can benefit from a discounted price which is clearly labelled on the website.
- ▶ Charges for other income sources at the Rushcliffe Country Park, ie dog bags, trail sheets, bird seed and car parking charges, are clearly advertised on the site to ensure it is clear to customers what the costs are.
- ▶ Small cash receipts for bird seed, dog bags and trail sheets are collected through honesty boxes, located directly outside of the Country Park office and covered by CCTV. While this relies on the honesty of customers, low values are collected for these items (only £2,237 between April and November 2023). The Rushcliffe Country Park Team have explored installing electronic payment terminals or vending machines however, the capital installation costs reduce the viability of these due to the low level of income collected through sales.
- ▶ The Rushcliffe Country Park Manager records all cash and cheque receipts on the RCP Income spreadsheet before transporting it to the Finance Team at the Rushcliffe Arena to be deposited. Cash is usually deposited monthly however, due to seasonal trends this can be more frequent during summer months where higher volumes of cash and cheques are received. Receipts are generated by the Finance Team and provided to the Rushcliffe Country Park Manager on the following occasion they deposit cash. We reviewed six deposits between August 2022 and July 2023 totalling £3,941 and confirmed that the value recorded on the RCP Income spreadsheet was consistent with the receipts provided by the Finance Team, indicating that the correct amount had been banked. Although, as receipts for individual transactions are not issued, we were unable to verify that the amount banked was consistent with what was originally collected (see Finding 2).
- ▶ The Council have concession contracts/licences with Tree Tops Catering Ltd for the café, mobile hot food van and mobile ice cream van. These generate £48,390 per annum, with additional fees charged for electricity costs and bin collection. We reviewed the past three invoices issued to Tree Tops Catering Ltd for each of these services and confirmed:
  - The quarterly instalments were accurate, in line with the annual fees stipulated in the Deed of Variation signed in September 2022.
  - Payments received from the supplier were accurate and within the credit terms outlined in the invoice.
- ▶ Income from the Rushcliffe Country Park car park is managed by Broxtowe Borough Council, who provide these services across all of the Council's car parks. Car park users can pay the £1 all day car parking fee or £35 annual permit via cash, credit/debit card or through the Ringo app. Each month, Broxtowe Borough Council send a Car Park Usage and Income report to the Council showing a breakdown of income received at the Country Park car park through cash, debit/credit card and Ringo. Between April and November 2023, £64,910 was generated through the pay and display and annual permits, with a further £5,969 through penalty charge notices. The Rushcliffe Country Park Team use the income and usage report as an indication of visitor numbers and demand throughout the year.
- ▶ Cash and cheques are stored in a safe which is in a closed cabinet in the Country Park office before it is transported to the Rushcliffe Arena to be banked. The safe is locked at all times a secured by a code which only the Rushcliffe Country Park Manager and the three park rangers have been informed of. These officers all have cash handling responsibilities. The Country Park office is locked overnight, with shutters over the entrance and windows, and CCTV throughout the building. Similarly, the honesty boxes, which hold low volume of cash, are tied to the wall and locked. Therefore, appropriate controls are in place to keep cash secure before it is banked.

- ▶ All cost centres for the Rushcliffe Country Park are monitored monthly by the Communities Manager. The Rushcliffe Country Park Manager (the budget holder) provides comments to each of the seven income account codes each month to explain any variances to the budgeted income targets. They also hold a monthly Microsoft Teams meeting to discuss the costs and income for the Country Park. Between April and November 2023, the Country Park had generated £53,385 in income, which was marginally below its year-to-date target. It is forecasting income of £70,600 by the end of 2023/24. This financial reporting provides reasonable oversight of income collection performance by the budget holder, who then reports into the Neighbourhoods Performance Clinic as part of the wider Communities service performance.

 <b>AREAS OF CONCERN</b>	<b>Finding</b>	<b>Recommendation and Management Response</b>
	Cash is only counted and transported to the Rushcliffe Arena by one officer which could leave the Council more vulnerable to theft or loss of cash. Although, no instances were identified during our review (Finding 1 - Medium)	<p>Two officers should be present to count the cash before it is bagged up and transported to the Rushcliffe Arena. Both officers should be required to sign to confirm the value of the cash counted and recorded on the RCP Income spreadsheet. We understand that the Team Manager for Environment attends the Country Park office once a week therefore, cash counting and banking could be completed on those dates to allow for a separation of duties.</p> <p><u>Management Response</u>                      This recommendation is accepted and two officers, one of whom is the Team Manager for Environment are now checking and signing the RCP income sheet as of 22/01/24.                      Target date: 22 January 2024</p>
	Receipts are not provided to customers for ranger-led activities and therefore there is not a clear audit trail for the amount of income received from these activities (Finding 2 - Low)	<p>a. A list of all attendee names should be recorded for ranger-led activities and these registers should be retained.</p> <p>b. The Rushcliffe Country Park Team should issue receipts to customers, and retain a merchant copy, for each ranger-led activity. These should be retained and reconciled to the RCP Income spreadsheet by the Communities Manager, or another appropriate officer that is not involved in the cash collection process.</p> <p>c. As a long-term solution to reduce the level of cash handling, the Council should continue to explore whether digital bookings and payments can be incorporated into the Rushcliffe Venues booking system for ranger-led activities. Receipts for these booking should be retained if this can be introduced.</p> <p><u>Management Response</u>                      This recommendation is accepted, and all event bookings will now keep a record of the attendees and issue them with a receipt. An online booking system is currently being investigated for future events to be fully digital.                      Target date: 26 January 2024</p>
	The cash taking procedure note did not contain robust details on the process for banking cash, potentially leading to inconsistencies in the process if it were to be administered by different officers (Finding 3 - Low)	<p>The Rushcliffe Country Park Team should expand on the 'Cash-Taking Procedure' document to include details on the following:</p> <ul style="list-style-type: none"> <li>• Who is responsible for counting, counter-signing and banking the cash</li> </ul>

		<ul style="list-style-type: none"> <li>Requirements for multiple officers to count and be a signatory for the value of cash</li> <li>Security measures to be taken when transporting the cash to prevent theft or loss, or to protect the safety of staff involved, ie bagged cash should be in a secure bag or container and should not be visible to the public</li> <li>Process for logging cash income on the RCP Income spreadsheet</li> <li>Where receipts from the Finance Team for the amount of cash banked should be retained.</li> </ul> <p><u>Management Response</u></p> <p>This finding is accepted and the Rushcliffe Country Park Manager will create an expanded and explanatory cash-taking procedure to add to the Park Management Plan.</p> <p>Target date: 26 February 2024</p>
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**CONCLUSION**

Overall, we have provided moderate assurance over the Council’s management of income (including cash) from Rushcliffe Country Park. There were gaps identified in the control design, particularly the lack of a separation of duties in the cash counting process and receipts not being provided for each booking on the ranger-led activities. While no issues have been noted around misappropriation of cash, these control gaps could leave the Council more vulnerable to theft or loss of cash being undetected. Albeit, the values of cash and cheques collected at the Country Park is relatively low (£6,494 between April and November 2023).

Higher amounts of cash are collected through the concession contract for rent of the café, hot food and ice creams at the Rushcliffe Country Park (£48,390 per annum). Our review of the past three invoices issued to the tenant confirmed that these were charged accurately and paid in a timely manner. Similarly, there was reasonable reporting to the Council on the car park income collected by Broxtowe Borough Council for the Rushcliffe Country Park car park.

There were appropriate security measures in place for cash and cheques to be stored securely in the Country Park office until it could be banked. Access to the safe was limited to officers involved in cash collection and the building had CCTV, which could be monitored from the office.

This leads us to conclude that the control effectiveness was Substantial.



# GOVERNANCE OF PARTNERSHIP ARRANGEMENTS

## CRR REFERENCE: 34 - FAILURE OF PUBLIC SECTOR PARTNERSHIPS / WITHDRAWAL OF FINANCIAL SUPPORT

Design Opinion



Substantial

Design Effectiveness



Substantial

Recommendations



### SCOPE

#### BACKGROUND


- ▶ Rushcliffe Borough Council (the Council) enter partnerships with other local authorities to deliver collective and mutual benefits across the borough and county. Partnerships can be developed for a range of services, with a growth in recent years for place-based and themed partnerships. Current partnerships that the Council have with other local authorities include: building control (East Midlands Building Consultancy), waste management (Joint Waste Management Board), planning (Joint Planning and Advisory Board), safeguarding (Multi-Agency Safeguarding Hub and Nottinghamshire Safeguarding Children Partnership), community health and well-being (South Notts Place Based Partnership).
- ▶ This audit focused on the governance and management of the following four partnerships:
  - **East Midlands Building Consultancy (EMBC)** - The EMBC is a partnership with South Kesteven District Council (SKDC) and Newark & Sherwood District Council (NSDC) to manage building control applications across a selection of authorities in Nottinghamshire and Lincolnshire. SKDC are the host authority for this partnership. The partnership aims to provide efficient and cost-effective building control services, providing better value for money by sharing skills, experience, and management between the councils.
  - **South Nottinghamshire Community Safety Partnership (SNCPSP)** - The SNCPSP is a partnership between Broxtowe Borough Council (BBC), Gedling Borough Council (GBC) and the Council, to tackle safety and crime issues across South Nottinghamshire. It is also attended by other organisations such as the National Probation Services, Office of the Nottinghamshire Police and Crime Commissioner, Nottinghamshire Fire and Rescue.
  - **Joint Waste Management Committee (JWMC)** - The JWMC is a partnership with all other borough councils in Nottinghamshire, Nottingham City Council and the County Council to collaborate on waste management, discuss the performance of external waste collection/management providers and monitor the Waste Local Plan.
  - **South Notts Place-Based Partnership (SNPBP)** - As part of the new Integrated Care System structure established in July 2022, the SNPBP supports a joined up local approach to health and social services. Its principal aim is to help people live healthier lives and get the care and treatment they need. This partnership is with GBC, BBC and Ashfield Borough Council (ABC).

#### AREAS REVIEWED

As part of this audit, we reviewed the following areas:

- ▶ The terms of reference or partnership agreements for each partnership to assess whether the obligations of each partner, the purpose and objectives of the partnership, performance indicators, governance structures and reporting frameworks are clear. This included an assessment of whether the agreements were signed and/or approved by all partners to demonstrate the commitment to the partnership.

- ▶ Partnership meeting papers and minutes to assess whether adequate information was reported to partners to support effective decision-making and effective oversight of the delivery of the partnership’s objectives.
- ▶ Partnership meeting minutes to assess whether there was reasonable buy-in from senior officers to maximise the effectiveness of the partnerships.
- ▶ Interviewed partnership leads and reviewed performance reporting through the Council’s internal governance structures to assess the adequacy of issue escalation.


 AREAS OF STRENGTH

- The following areas of good practice were identified:
- ▶ There were robust terms of reference in place for the JWMC and the SNPBP, proportionate to the size and the role of the partnerships. These clearly outlined the groups’ structures, membership, roles and responsibilities, and objectives. Furthermore, these were regularly reviewed by the relevant groups to ensure that it reflects the current arrangements and priorities of the partnership.
  - ▶ The EMBC is supported by a partnership agreement which has been signed by all parties involved in the partnership. The partnership agreement clearly outlined the objectives, performance metrics and obligations of each partner.
  - ▶ Each of the four partnerships is led, and partnership meetings are attended, by Director or Service Manager grade officers. This supports effective decision-making within the partnership meetings and ensure that senior officers are aware of any strategic or operational issues that could impact the Council’s priorities (which are delivered through cooperation with partners). Our review of the partnership meeting minutes confirmed that the meetings were well-attended by senior officers. Additionally, the JWMC was also attended by the Portfolio Holder for Environment and Safety, providing reasonable input from members into joint decision-making.
  - ▶ There was formal reporting to the Council’s Executive Management Team (EMT) for the EMBC partnership, to provide oversight on its performance and escalate any issues, as appropriate. For the JWMC, SNPBP and SNCSP where the partnership is more around cooperating to meet shared objectives, matters were reported through informal meetings with line managers and verbal reporting to EMT or the relevant Portfolio Holder.
  - ▶ The partnership meeting agendas and papers were issued sufficiently in advance of the meetings which supported effective governance and transparency. The minutes also reflected robust discussions on shared matters with partners and proactive involvement from the Council’s representatives at the meetings. The discussions, and Council’s contribution to the meetings, were broadly aligned to the purpose of the partnership. For instance, the JWMC focused mainly on shared operational matters for waste management. In contrast, there was a more strategic outlook from the SNPBP, focusing on local issues to feed back into the Integrated Care Partnership.
  - ▶ An Annual Business Plan has been developed for the EMBC partnership with regular monitoring of its delivery by the partnership board and the Council’s EMT. For example, there was financial reporting to EMT and information about the complaints were discussed, arising from the customer feedback survey completed in August 2023. Feedback from customers was broadly positive with 88% of respondents confirming they were pleased with the service provided.
  - ▶ For the EMBC and the SNPBP partnerships there are key areas of performance monitoring reported into the partnership meetings, including: budget utilisation, data on the partnership’s market share and project milestones. This supports effective oversight of performance by the performance of the partnerships and the Council’s overall assessment on whether the partnership remains the most effective vehicle for the service delivery.

 AREAS OF CONCERN

Finding	Recommendation and Management Response
<p>The terms of reference for the SNCSP has not been formally approved by all partners (Finding 1 - Low)</p>	<p>The Council should work with its partners on the SNCSP to update the partnership terms of reference and ensure that there is documented approval of the terms of reference by each partner.</p> <p><u>Management Response</u></p> <p>The current TOR for SNCSP is in the process of being updated to reflect the recent changes to both the Making Notts Safe Plan, SNB Priorities</p>

		<p>and the cessation of the Operational SNCSP meeting. The revised TOR will be agreed at the next Strategic SNCSP meeting which will be held in early 2024 (three meetings are held per year).</p> <p>Target date: 30 April 2024</p>
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**CONCLUSION**

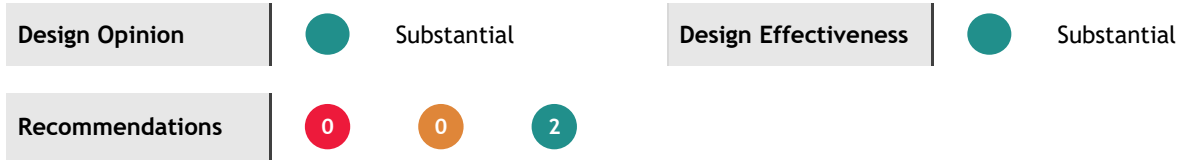
Overall, the Council had substantial controls in place to support the management and governance of its partnerships, focussing on four key partnerships in this review: EMBC, JWMC, SNPBP and SNCSP. There were strong levels of senior buy-in from the Council, with meetings attended by Portfolio Holders, Directors and/or Service Managers, demonstrating a robust approach to commitment and cooperation with partners on shared priorities. Furthermore, the partnership meetings were regular with good discussions on strategic and operational matters.


Each partnership had a clear and concise remit which, except for the SNCSP, had been approved by all partners. The EMBC followed a more formal approach with a signed partnership agreement, mainly due to the obligations of each party. However, for the other partnerships, a terms of reference had been developed and approved at the partnership meetings.

This leads us to conclude that the control effectiveness was substantial and consistently applied across a range of partnerships, supporting strong governance of the partnerships and their contributions to the Council's wider priorities.

# GRANT MANAGEMENT CONTROLS

## CRR REFERENCE: 13 - FEE INCOME VOLATILITY





**SCOPE**


**BACKGROUND**

- ▶ Rushcliffe Borough Council (the Council) received grant income from the Department for Business, Energy and Industrial Strategy (BEIS)<sup>1</sup> for the Local Authority Delivery Phase 3 scheme (LAD3 grant). This is managed through the Midlands Net Zero Hub (MNZH) which is administered by Nottingham City Council.
- ▶ The purpose of the grant is to support energy efficiency measures and low carbon heating for on gas grid homes with an aim of upgrading homes to a target energy efficiency rating of EPC C, or EPC D where this is not possible. The grant is for ‘eligible households’ only and should focus firstly homes with lower energy ratings (ie EPC E homes before EBC D homes).
- ▶ The Council received grant income for the LAD3 grant of £565,000 for capital costs and £56,500 (10%) to cover it administrative costs. Further funding was agreed in April 2023 as a result of an underspending of the grant across other local authorities that are part of the MNZH. The additional grant was £294,098 for capital costs and £29,409.80 for the administrative costs. The works for the LAD3 grant were completed in November 2023. The works were completed by E.ON.

**AREAS REVIEWED**

As part of this review, we conducted the following testing:

- ▶ A walkthrough of the Council’s processes for managing and administering the LAD3 grant to ascertain whether appropriate controls were in place to issue grant payments in accordance with the conditions. This included ensuring separation of duties were in place throughout the entire process to mitigate the risk of inappropriate allocation of the grant payments.
- ▶ Payments made to E.ON for the works for 10 properties which received grant funding under the LAD3 scheme to identify whether:
  - A grant application had been received and approved in accordance with the scheme of delegation prior to any grant payments.
  - Invoices were raised by suppliers for the delivery of the grant work prior to payment.
- ▶ Only properties eligible received funding under the LAD3 conditions.




**AREAS OF STRENGTH**

The following areas of good practice were identified:


- ▶ The Council procured E.ON to deliver the works required under the HUG1 and LAD3 grant conditions. The LAD3 works are delivered as part of a partnership between the Council and Nottingham Energy Partnership (NEP). E.ON are responsible as the contractor for delivering the works and NEP are responsible for customer service and support. This is documented in the Contract Proposal.

<sup>1</sup> BEIS split into three departments in 2023 but administered the LAD3 grant. These departments are now: Department for Business and Trade (DBT), the Department for Energy Security and Net Zero (DESNZ) and the Department for Science, Innovation and Technology (DSIT). Any references to BEIS in this document are now superseded by the aforementioned departments.

- ▶ Ahead of the commencement of the project delivery, the Council, E.ON and NEP identified properties with a lower EPC rating (EPC C or below) and contacted the occupiers to inform them that they may qualify for the LAD3 grant and directing them to the application form on the Council’s website. This provides effective advertising of the grant schemes to increase participation.
- ▶ Weekly meetings were established between the E.ON’s Project Manager, NEP’s Programme Manager, NEP’s Project Coordinator of the Green Homes Grant and the Council’s Environment Team Leader to evaluate and verbally approve applications. E.ON and NEP then lead of the work from a delivery and customer service perspective. Following the completion of the works, E.ON issue the formal accreditation and energy certificate to the occupier and register the new energy certificate with Trust Mark PAS:2035. This Trust Mark is the key document in a framework of new and existing standards on how to conduct effective energy retrofits of existing buildings. It covers how to access dwellings for retrofit, identify improvement options, design and specify Energy Efficiency Measures (EEM) and monitor retrofit projects. Under the PAS:2035 requirement, a Retrofit Coordinator or Retrofit Assessor Scheme Providers must conduct on-going checks and monitoring on each registered property. Therefore, a Retrofit Assessor undertakes a walkthrough of each property to obtain and retain photographic evidence of the property before and after the works have been delivered. For this scheme, E.ON were the Retrofit Assessor who retained the documentation to evidence the assessment.
- ▶ The MNZH host an online customer interface, Perci, which is used by the Council to monitor the progress of the work subject to an upgrade. The system is updated by E.ON and NEP daily to provide regular and clear reporting to the Council.
- ▶ We reviewed 10 properties that had received an energy upgrade through LAD3 grant support and confirmed that in all instances:
  - Grant application forms had been submitted by the applicant to the Council
  - Application forms had been reviewed and approved collectively by the Council, E.ON and NEP
  - The property had a lower EPC rating (either EPC D or EPC E) before the completion of the works
  - A PAS assessment had been completed by the assessor to assess the condition of the property. These reports identified existing efficiency measures installed in the property
  - A new EPC certificate had been issued for the property and certified by the assessor.
- ▶ The Environment Team Leader, supported by the Finance Business Partner, maintain a HUG1/LAD3 monitoring spreadsheet for the delivery of the schemes. This records the balances received from Nottingham City Council for the Green Energy grants and the invoices (including invoice reference numbers) from E.ON. This spreadsheet is updated regularly to monitor expenditure against the grants. Invoices are raised by E.ON periodically for the schemes. However, there was one invoice that has not yet been paid as it is above the value of the purchase order (see Finding 2).

 AREAS OF CONCERN	Finding	Recommendation and Management Response
	Preventative fraud measures are not in place to mitigate the risk of subcontractors charging occupiers despite them being in receipt of the grant. This happened in one instance and was only detected due to the occupier reporting the incident to E.ON (Finding 1 - Low)	For future grants, the Council should ensure that there are preventative fraud controls established and agreed with contractors, to create greater awareness to grant recipients of safeguards that they can take. This may include the completion of a fraud risk assessment.  <u>Management Response</u> For the HUG 2 scheme, a far more stringent fraud detection procedure has been introduced and will be part of the monthly reporting procedure once works start. This is looking to be around 02/2024 onwards when installs are due to commence.  Target date: 01/02/2024

	<p>There is an outstanding payment for LAD3/HUG1 grant work to E.ON for £424,493 due to the final invoice exceeding the original purchase order. Subsequent purchase orders do not appear to have been raised for additional grant funding provided to the Council (Finding 2 - Low).</p>	<ul style="list-style-type: none"> <li>a. The Council should raise a purchase order with E.ON for £287,115 to cover the final invoice from E.ON for the HUG1 and LAD3 works</li> <li>b. For future grant projects, where additional funding is provided to the Council at a later date for work that it contracts out to a third party, a purchase order should be raised immediately once the value of the works are contractually agreed.</li> </ul> <p><u>Management Response</u>                  We will take this recommendation on board and look to implement.                  Target date: 14/12/2023</p>
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**CONCLUSION**

Overall, we have provided substantial assurance over the Council’s grant management controls for the LAD3 grant. Our walkthrough of grant management and administration processes identified that there was a sound system of internal control designed to ensure that grants were provided to eligible properties and that appropriate assessments were undertaken and by qualified assessors. This was supported by the effective use of the Perci system which allowed the Council to maintain effective oversight of the progress of projects. Critically, our sample testing of properties in receipt of grant funding found that in all instances a PAS Assessment Report had been undertaken in advance of the work and the property had been issued a new EPC certificate rating post-completion of the work. Additionally, applications to the scheme were evaluated by representatives from E.ON, NEP and the Council to ensure that funds were allocated to eligible properties with lower energy ratings. All properties from our sample test had an EPC D or EPC E rating before the upgrades were done.

There were some issues identified from our review, notably that a purchase order had not been raised following the allocation of additional funding from the MNZH to the Council. This resulted in the final invoice of £424,493 having not been paid to E.ON at the date of our fieldwork (8 December 2023). There were also limited fraud prevention controls in place at the start of the scheme, which may have contributed to a potential fraud incident whereby a subcontractor requested and received payment from an occupier directly, in addition to funding through the grant.

## 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.

### SECTION 114 FEAR FOR ALMOST 1 IN 5 COUNCIL LEADERS AND CHIEF EXECUTIVES AFTER CASHLESS AUTUMN STATEMENT

Almost one in five council leaders and chief executives in England surveyed by the Local Government Association think it is very or fairly likely that their chief finance officer will need to issue a Section 114 notice this year or next due to a lack of funding to keep key services running.

The LGA estimates that councils in England face a £4 billion funding gap over the next two years just to keep services standing still but last month's Autumn Statement failed to provide the additional funding needed to protect services from further cuts. This is despite councils of all political colours and types warning that growing demand and cost pressures are threatening their financial sustainability.

In 2024/25, councils will be able to increase general council tax by 3% without the need for a referendum. Those with social care responsibilities will again be able to increase the adult social care precept by up to a further 2%. This means that councils continue to face the tough choice about whether to increase council tax bills to bring in desperately needed funding to provide services when they are acutely aware of the significant burden that could place on some households.

The LGA survey - of council leaders and chief executives - also revealed:

- ▶ Half are not confident they will have enough funding to fulfil their legal duties next year (2024/25). This includes the delivery of statutory services.
- ▶ Nearly two thirds of council leaders and chief executives said there were no announcements in the Autumn Statement that they thought would help them deal with their council's financial position.

The LGA said the circumstances that have led to a Section 114 notice so far have been unique to each local area and the pressures they face.

However, all those that have had to curb spending in this way have faced the same underlying pressures - councils' core spending power falling by 27 per cent in real terms from 2010/11 to 2023/24, the impact of the pandemic, rising demand for services, in particular statutory services like social care and homelessness support, and the extra costs to provide them.

[Section 114 fear for almost 1 in 5 council leaders and chief executives after cashless Autumn Statement | Local Government Association](#)

#### FOR INFORMATION

For the Governance Scrutiny Group and Executive Directors

### BEST VALUE STANDARDS AND INTERVENTIONS

A refresh of the oversight framework seeks to improve clarity around how councils deliver and evaluate services, the Local Government Association has said. In its second consultation on the framework, the LGA said there is no single document that outlines all the elements of council assurance and how they all fit together.

The LGA said creating this single document would increase clarity and transparency within the sector, and improve understanding of how assurance and oversight works. The consultation is seeking views on the principles of assurance and accountability, including performance monitoring against local targets, good quality data and clarity over the responsibilities of officers and councillors.

Abi Brown, chairman of the LGA's Improvement and Innovation Board, said: "Feedback from our initial engagement was really helpful, and has helped us to extend our mapping of the improvement and assurance framework for local government, which hasn't previously been written down anywhere.

"We are taking on board all comments received and now want to follow up with some more detailed questions about how the current framework can be improved.

"It's important we hear the views of all councils, partners and all other stakeholders and I encourage everyone to engage with us, for the benefit of the whole of local government and the wider public."

<https://www.publicfinance.co.uk/news/2023/11/council-performance-reviews-get-refresh>

#### FOR INFORMATION

For the Governance Scrutiny Group and Executive Directors

### PROUCTIVITY PLANNING FOR LOCAL AUTHORITIES

Local authorities will be required to develop productivity plans to be submitted to the Department for Levelling Up, Housing and Communities (DLUHC), to be published by July 2024. These will be reviewed and assessed by a new productivity review panel, made up of sector experts including the Office for Local Government and the Local Government Association.

The productivity plans should cover four key areas:

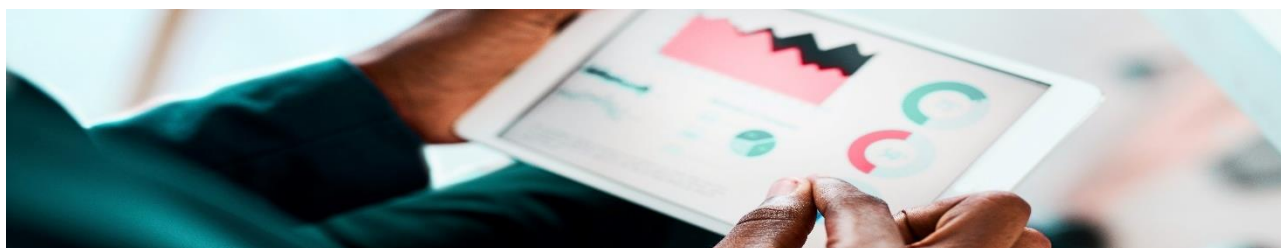
- Transformation of services to make better use of resources
- Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design
- Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff equality, diversity and inclusion programmes
- Barriers preventing activity that government can help to reduce or remove.

These plans must be agreed by council leaders and members and be published on local authority websites, with updates on progress made against the plans.

<https://www.gov.uk/government/news/council-funding-package-confirmed>





#### 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	We have received three survey responses for audits completed in 23/24 with an average score of 4.33/5 for the overall audit experience. We also received individual scores of 5/5 for the added value from the report and the constructiveness of our recommendations. We will continue to send surveys out to officers with final report.	
Completion of audit plan	We are in line with our schedule for the 23/24. Seven of the 10 reviews for 23/24 are either finalised or at the reporting stage, with the remaining three reviews fully scoped and set to commence later in the year.	

# 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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