



SOUTH KESTEVEN DISTRICT COUNCIL

Annual Internal Audit Report 2023/24

3 June 2024

This report is solely for the use of the persons to whom it is addressed.

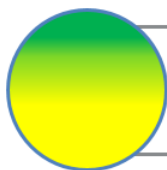
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

THE ANNUAL INTERNAL AUDIT OPINION

This report provides an annual internal audit opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance reporting.

The opinion

For the 12 months ended 31 March 2024, the Head of Internal Audit opinion for South Kesteven District Council is as follows:



The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

Please see Appendix A for the full range of annual opinions available to us in preparing this report and opinion.

It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.

Scope and limitations of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the Governance and Audit Committee, our opinion is subject to inherent limitations, as detailed below:

- Internal audit has not reviewed all risks and assurances relating to the organisation;
- The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. The assurance framework is one component that the Council takes into account in making its Annual Governance Statement (AGS);
- The opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management;
- Where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- Due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention;
- We were appointed in October 2023 to conduct the Internal Audit Plan for 2023/24, therefore, we can only comment on matters since this date.

FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

Governance

We have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2023/24 internal audit plan when forming our opinion on Governance at the Council.

There is an adequate governance framework in place, and we have also observed that the Governance and Audit Committee is effective in monitoring and challenging management and holding them to account.

We also provided a substantial assurance opinion as part of the governance internal audit undertaken within the year.

Risk Management

Our risk management opinion was informed by our observation of risk management systems and processes throughout the course of all audits within the audit plan. Our internal audit plans are driven by and linked to strategic and operational risk.

We also conducted an advisory review of risk management as part of our internal audit plan which resulted in a total of nine recommendations for improvement. The Council are currently refreshing their strategic risks and risk management framework.

Internal Control

We undertook nine internal audit reviews in 2023/24 which resulted in an assurance opinion. There were five reviews (56%) from which the Council could take substantial assurance, three reviews (33%) from which the Council could take reasonable assurance, and one review (11%) from which the Council could take partial (negative) assurance.

During the year we agreed a total of 54 management actions across assurance, advisory and follow up reviews.

Of the 54 actions agreed: two (4%) were 'high' priority, 17 (31%) were 'medium' priority, 23 (43%) were 'low' priority and 12 (22%) were advisory.

Details of the reviews where assurance opinions have been provided, or advisory input are as follows:

Debtors and Debt Recovery – Reasonable Assurance

Overall our review confirmed that there was an appropriate control framework in place (noting the current system limitations) and the Council had been making good progress towards implementing the previously agreed management actions. However, our review identified areas where enhancements were required or controls were not being consistently adhered to in relation to new debtor creation and authorisation, debt chasing, and access to the finance system.

Food Safety Management – Substantial Assurance Governance – Substantial Assurance

Overall our review confirmed that there was an appropriate control framework in place which is being complied with in practice. Staff have received training for completing the required inspections, and inspections are carried and recorded within the Flare system. However, our review identified areas for improvement including ensuring inspections were conducted in line with the required frequencies set out by their risk levels.

Overall our review confirmed that there was an appropriate control framework in place for the governance functions within the Council, and these had been clearly laid out within the Constitution. Meetings were conducted in line with the required frequencies and actions were followed up at the next meeting. However, our review identified one area for improvement relating to conducting annual self-assessments at each committee. This resulted in the agreement of one low priority management action.

As part of our testing we reviewed the Council's follow up actions from their previous audit and where actions had been completed we reviewed evidence to confirm that management action had been applied. Of the actions listed there were 38 actions listed as completed, upon review of the actions we found that 28 had been completed or superseded. We found 10 instances where actions had been listed as complete but did not have evidence to confirm this.

As a result of our review, we agreed five low priority management actions with management and detail of these can be found in section two of the report.

Recruitment and Retention – Substantial Assurance

Overall our review confirmed that there was an appropriate control framework in place within the Council. However, our review identified areas where enhancements were required or controls were not being consistently adhered to in relation documenting training attendance, fully completing staff requisition forms, retaining interview decision documents and ensuring employment contracts are signed and returned by new starters prior to employment commencement. This resulted in the agreement of three low and one medium priority management action.

This resulted in the agreement of three low priority management actions.

Cyber Treatment Plan – Substantial Assurance

Our testing found that 31 of the 32 actions had been correctly implemented or superseded in line with the initial action set by DLUHC and this was accurate to what was being reported to the Finance and Economic Overview and Scrutiny Committee. We noted that one action was partially implemented, and for two further actions, although completed as per the DLUHC action, additional improvements could still be made to enhance the control environment.

We agreed one low priority management action to complete the remaining action and to consider the other two areas for further improvements.

Responsive Repairs – Partial Assurance

Whilst a number of current controls and process were well designed, a large amount of work was required for the Council to be able to address the current backlog of open jobs, and to then implement new controls which detect and action jobs which are open for prolonged periods of time, to reduce the risk of open jobs accumulating again. Processes at all levels required review and alteration in order to efficiently raise, assign and complete jobs in a timely manner, however our data analytics identified that performance for emergency and urgent jobs was relatively strong, with most jobs being completed in target times. Finally, oversight and management reporting for repairs needed to be fully established in order to monitor the reduction of the current backlog and scrutinise any jobs which were breaching the agreed performance targets.

We agreed a total of two high, seven medium, and four low priority management actions, as well as two advisory recommendations.

Risk Management – Advisory Review

Our review identified that although there was a Risk Management Framework in place, through the implementation of the recommendations identified within this report this could be further improved to ensure that there is a fully embedded effective risk management process in place. As a result of this advisory review we noted nine recommendations.

We provided examples of best practice to management with regards to creating an assurance framework and the three lines of assurance.

Section 106 Agreements – Reasonable Assurance

Our testing identified that a set of processes had been implemented by the Infrastructure Delivery Officer, utilising interlinking spreadsheets to track funds received from developers and be sent out to various third parties or Council departments. We noted that the Council had not yet implemented an agreed approach to managing accrued interest on Section 106 funds held on the ledger, and as such we agreed one medium priority action to address this finding. We also agreed two low priority actions with management.

Payroll – Reasonable Assurance

Our overall review confirmed the presence of an appropriate control framework covering the payroll process at the Council, as per the Council's Financial Regulations. Based on our testing, segregation of duties was clearly apparent throughout the processes, however, we found two areas of non-compliance which resulted in the agreement of two medium priority management actions with management.

These actions related to retaining and completing new starter forms in full with the bank details included, and ensuring amendments are authorised prior to the effective date.

Purchasing and Creditors – Substantial Assurance

We confirmed that the Council had efficient purchasing processes in place which were being adhered to in practice; however, our review highlighted areas for improvement, specifically regarding raising purchase orders after an invoice was received. The review led to the agreement of one medium and one low priority action with management.

Topics judged relevant for consideration as part of the annual governance statement

There was one area, Responsive Repairs, where only partial assurance could be taken over the effectiveness of controls in place. The AGS should therefore include appropriate detail regarding the weaknesses identified and any actions that have already been taken to address the issues identified as part of this audit.

THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines previously discussed, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

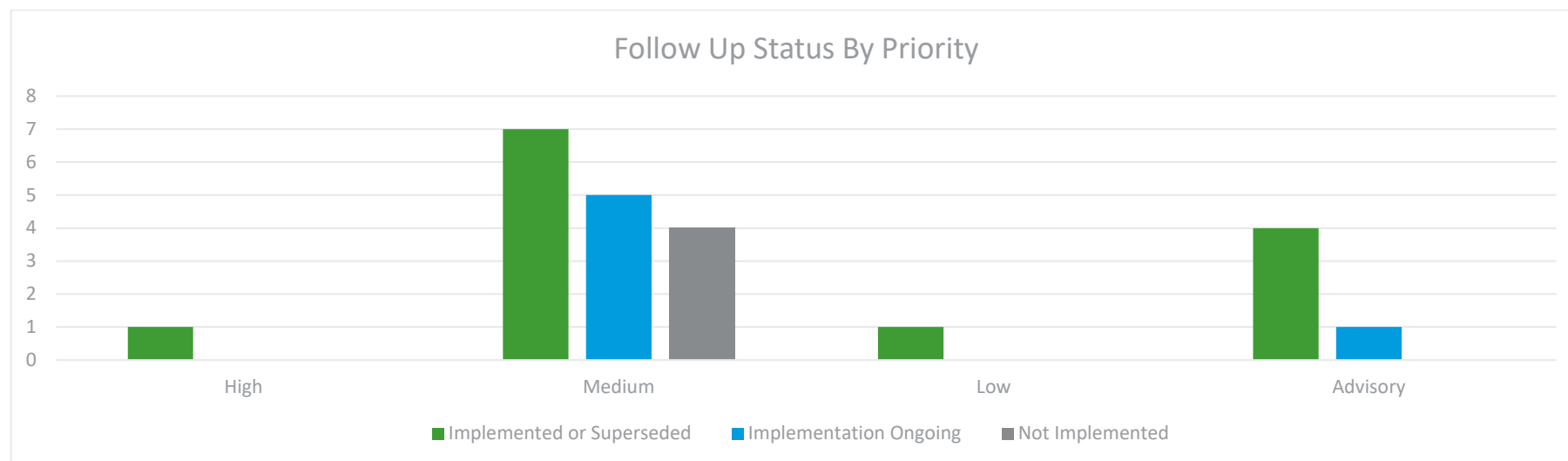
Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2023/24.

Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through their internal action tracking processes in place. During the year progress has been reported to the Governance and Audit Committee, with the validation of the action status confirmed by internal audit through the two follow up reviews.

Our follow up of the actions agreed to address previous year's internal audit findings shows that the Council had made **reasonable progress** in both follow up reviews.



Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

OUR PERFORMANCE

Wider value adding delivery

| Area of work | How has this added value? |
|-----------------------------------|---|
| Sector Briefings and Articles | We have issued a number of sector briefings during the year providing information on key developments, publications and guidance including: <ul style="list-style-type: none">• Emerging Risk Radar - January 2024;• Building Resilience in Social Housing; and• Housing News Briefing. |
| Flexible annual planning approach | We have remained flexible with our annual planning approach. This enables us to react to changes in priority and risk, to ensure internal audit is focused in the right areas at the right time, to be the best source of assurance where needed in specific areas of risk or control. |
| 1:1 meetings / discussions | Throughout the year we have continued to liaise with management and held operational meetings to obtain an update on the Council's developments. |
| Data Analytics | As part of our audit work for 2023/24, we have utilised data analytics to support our sample testing in audits such as: <ul style="list-style-type: none">• Responsive Repairs;• Payroll; and• Purchasing and Creditors. |

Conflicts of interest

We have provided risk management software and action tracking software to the Council during 2023/24. These are under a separate Letter of Engagement and an independent team has undertaken this work, led by another Partner, independent of the internal audit team. We have also provided risk management workshops and assisted in refreshing the strategic risks as part of this separate engagement.

We also carried out a review of predetermined samples selected by the Council's external auditors of housing benefit claims and completed the agreed workbooks and documented any control/test failures. This was completed under a separate letter of engagement with no opinions or conclusions drawn from the work.

Therefore, we do not consider any conflicts of interests need to be declared.

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

Resulting from the programme in 2023/24 there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

Performance indicators

Delivery

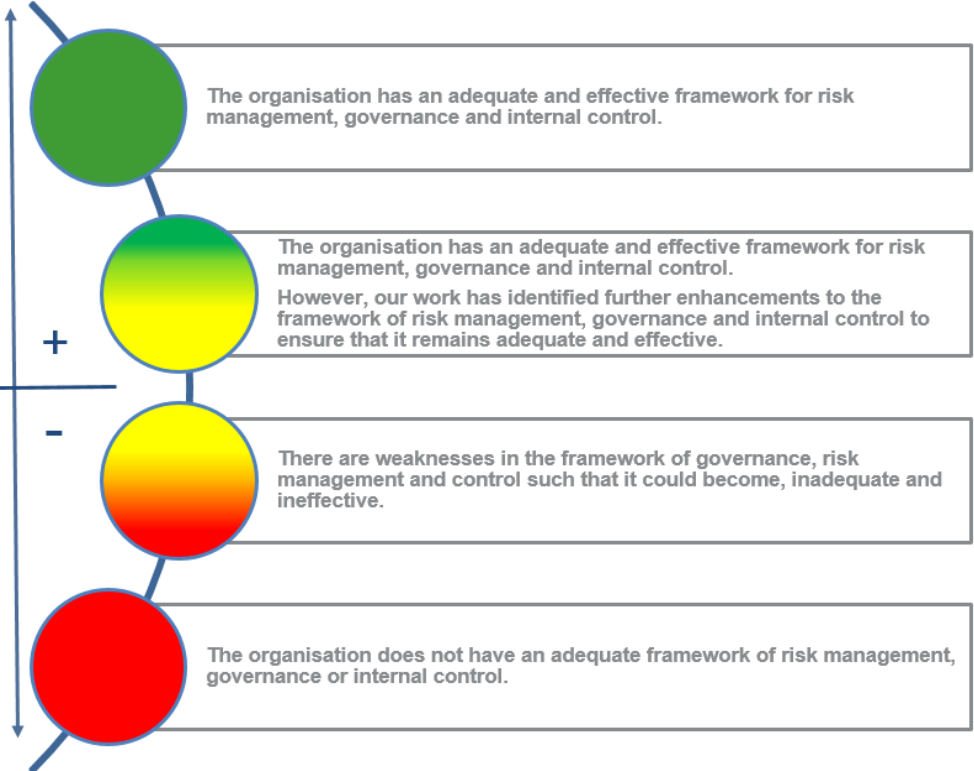
Quality

| | Target | Actual | | Target | Actual |
|--|---------|--------------------------|--|----------------|--------------------------|
| Audits commenced in line with original timescales* | Yes | Yes | Conformance with PSIAS and IIA Standards | Yes | Yes |
| Draft reports issued within 10 days of debrief meeting | 100% | 6 working days (average) | Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit | Yes | Yes |
| Management responses received within 10 days of draft report | 10 days | 7 working days (average) | Response time for all general enquiries for assistance | 2 working days | 2 working days (average) |
| Final report issued within 3 days of management response | 100% | 1 working day (average) | Response for emergencies and potential fraud | 1 working day | N/A |

* This takes into account changes agreed by management and Governance and Audit Committee during the year; reflecting our 'agile' / 'flexible' approach to our service delivery.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

| Annual opinions | Factors influencing our opinion |
|---|---|
|  <p>The organisation has an adequate and effective framework for risk management, governance and internal control.</p> <p>The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.</p> <p>There are weaknesses in the framework of governance, risk management and control such that it could become, inadequate and ineffective.</p> <p>The organisation does not have an adequate framework of risk management, governance or internal control.</p> | <p>The factors which are considered when influencing our opinion are:</p> <ul style="list-style-type: none"> • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weakness identified; • the level of risk exposure; and • the response to management actions raised and timeliness of actions taken. |

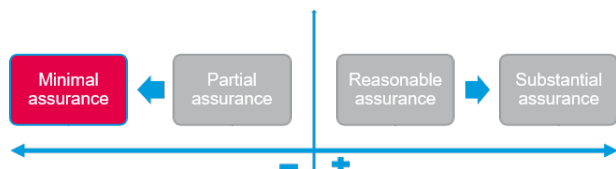
APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2023/24

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

| Assignment | Audit Lead | Assurance level | Actions agreed | | | |
|---------------------------|--|---------------------------|----------------|---|---|-----|
| | | | L | M | H | Adv |
| Follow Up 1 | Deputy Director of Finance | Reasonable Progress [●] | 1 | 4 | 0 | 0 |
| Debtors and Debt Recovery | Deputy Director of Finance | Reasonable Assurance [●] | 5 | 0 | 0 | 0 |
| Food Safety Management | Head of Service (Public Protection) | Substantial Assurance [●] | 3 | 0 | 0 | 0 |
| Governance | Assistant Director (Governance and Public Protection) and Monitoring Officer | Substantial Assurance [●] | 1 | 0 | 0 | 0 |
| Recruitment and Retention | Head of HR | Substantial Assurance [●] | 3 | 0 | 0 | 0 |
| Cyber Treatment Plan | IT Service Manager | Substantial Assurance [●] | 1 | 0 | 0 | 0 |
| Responsive Repairs | Chief Executive | Partial Assurance [●] | 4 | 7 | 2 | 2 |
| Risk Management | Governance and Risk Officer | No Opinion / Advisory [●] | 0 | 0 | 0 | 9 |
| Payroll | Deputy Director of Finance | Reasonable Assurance [●] | 0 | 2 | 0 | 0 |
| Purchasing and Creditors | Deputy Director of Finance | Substantial Assurance [●] | 1 | 1 | 0 | 0 |
| Follow Up 2 | Deputy Director of Finance | Reasonable Progress [●] | 2 | 2 | 0 | 1 |
| Section 106 Agreements | Assistant Director of Planning | Reasonable Assurance [●] | 2 | 1 | 0 | 0 |

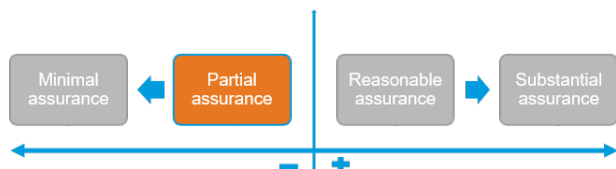
APPENDIX C: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the board can take:



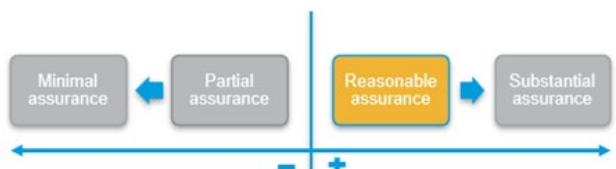
Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



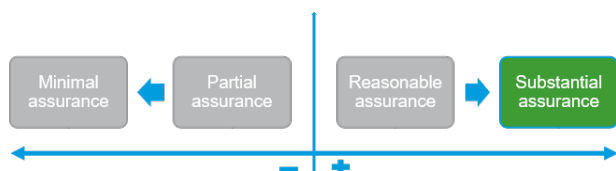
Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

YOUR INTERNAL AUDIT TEAM

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of **South Kesteven District Council**, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

EXECUTIVE SUMMARY – RESPONSIVE REPAIRS

With the use of secure portals for the transfer of information, and through electronic communication means, a proportion of our audit has been conducted remotely. Remote working has meant that we have been able to complete our audit and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test, or undertake full population testing using data analytics tools, to complete the work in line with the agreed scope.

Why we completed this audit

The Council is currently facing a large scale backlog in its responsive repairs jobs, with a total of roughly 4,500 open jobs which have not been actioned as of early February 2024. This backlog is an accumulation of multiple setbacks including delays initially created from the Covid-19 Pandemic, lack of available trades staff, staff turnover in leadership positions, and inefficient use of the various systems in place leading to jobs being duplicated or remaining open for unnecessarily long periods of time. The lack of a well established planned maintenance programme has also led to an increased number of component failings in Council properties, leading to an increased number of jobs being raised.

Our review included use of data analytics to identify inconsistencies in job data, allowing us to investigate potential control weaknesses which may be adding to the backlog of open jobs. We have included consideration as to how any shortcomings can be addressed to prevent future backlogs accumulating. Our analysis also allowed for an insight into the improved completion of jobs within target timeframes.

We also reviewed the processes for how jobs are being recorded, raised, and completed, to ensure these are effective and that they promote appropriate closure of jobs in a timely manner. Where possible, we have considered how the implementation of the new QL job management system will allow for improved controls, and have noted this in our findings.

The systems in use for the repairs function include:

- Northgate - This system is used by Call Handlers to raise jobs against the appropriate job code based on information provided by tenants.
- DRS (Dynamic Repairs System) - This system is updated by the information in Northgate, and is used by job planners to arrange jobs in open slots, based on available trades operatives with the required skill sets. This system is currently in the process of being replaced by QL.
- First Touch - This system records the outcome of jobs on the operatives tablet, and serves as an opportunity to retain photographs of completed works and evidence of tenants sign off for completed works.

Conclusion

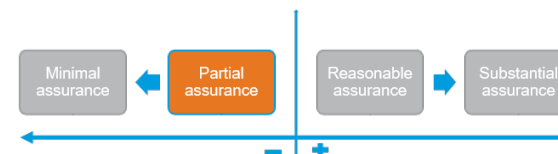
Whilst a number of current controls and process are well designed, a large amount of work is required for the Council to be able to address the current backlog of open jobs, and to then implement new controls which detect and action jobs which are open for prolonged periods of time, to reduce the risk of open jobs accumulating again. Processes at all levels require review and alteration in order to efficiently raise, assign and complete jobs in a timely manner, however our data analytics has identified that performance for emergency and urgent jobs is relatively strong, with most jobs being completed in target times. Finally, oversight and management reporting for repairs needs to be fully established in order to monitor the reduction of the current backlog and scrutinise any jobs which are breaching the agreed performance targets.

We have agreed a total of two high, seven medium, and four low priority management actions, as well as two advisory recommendations. A summary of the high and medium actions, as well as the advisory recommendations, can be found below, and detail on all of the findings in our results can be found in section two of this report.

Internal audit opinion:

Taking account of the issues identified, the Council can take partial assurance that the controls upon which the Council relies to manage this area are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified area.



Key findings

We identified the following controls which are poorly designed or not functioning effectively:



There is a lack of consistency between job turnaround times in the Call Handler Right to Repair Guidance, the Repairs and Maintenance Policy and the priority codes in the new QL job management system are not consistent, leading to an inconsistent approach to job completion targets. **Medium**



One instance in our testing of 20 repairs was identified where the operative had not clearly recorded that they had made the initial defect (an insecure door) safe before raising a follow on job, and as such there is no record that this property was made safe. Operatives must be reminded to clearly document that initial hazards have been rectified in order to provide accountability for tenant safety. **Medium**



There is not currently a formal QA process whereby senior trade staff review jobs completed by operatives with regards to quality and safety. Whilst we were informed that this would be set up and implemented in the new QL repairs system, the Council should ensure that appropriate resource and reporting is provided to enable this QA programme to function effectively and improve the quality of the repairs completed by the Council. **Medium**



The Council does not currently undertake structured and formal job level cost monitoring. Information is provided by the stores provider, Huws Gray, but is not formally analysed and reviewed. Use of this management information will allow for trend identification, including if particular trades operatives or job types are using a disproportionately high amount of materials. **Medium**



There is no established reporting for any of the performance aspects of the repairs service, and as such there is a lack of oversight and informed decision making regarding how best to address the challenges faced by the Service. **Medium**



The high number of open jobs within Northgate is not only creating a poor tenant experience, but renders the implementation of detective controls ineffective, due to the high number of jobs which would show up on any established exception reports. We noted that a Consultant had been brought in to close down open jobs, and had closed down 1,862 open jobs across March and September 2022. Despite this, the large backlog of open jobs remains a concern for the Council. The Council must decide on an approach to effectively close down a high number of these open jobs, potentially through closing down all jobs which have been open for an agreed duration (i.e. 24 months) in order to provide an opportunity to reduce the backlog. **High**



Following the reduction of the backlog, the Council does not have detective controls in place to identify any jobs which are breaching the target job closure times. Implementation of these controls will reduce the risk of a future backlog of open jobs accumulating. **Medium**



We undertook a number of sample tests to investigate apparent data inconsistencies within repairs data. This sample testing identified instances where the processes for raising follow on pieces of work for attended jobs lead to a lack of clarity as to what work had been completed and what was required. In particular, an instance of a leaky roof creating potential damp and mould risk had been attended, but no follow on job was raised to rectify this leak, and the job remained open for 726 days after the damp and mould risk was recorded. **High**



The Council had undertaken a large piece of work led by an external consultant, to close down a number of jobs (1,862) which were considered no longer relevant within Northgate, in an attempt to reduce the backlog of open jobs. We identified instances where these jobs remained open in Dynamic Repairs System (DRS), creating risk that the backlog has not been addressed, and that this data may be carried across to the new QL repairs system, damaging the data quality of the new system. **Medium**

We have also identified the following advisory recommendations, which could be implemented to provide greater effectiveness and assurance to existing controls:



The Council currently review recordings of calls to identify areas for improvement in accurately raising jobs. The Council could provide more structured learning through reporting on, and reviewing, instances where jobs have been cancelled and re-raised. Review of these jobs may assist in identifying trends in job cancellations, such as incorrect job codes being used.



The Council has oversight of job lengths through the DRS system, which has target job durations based on the job code used. However the Council may wish to implement formal monitoring of job durations, to identify any instances where jobs are taking longer than expected, to improve the efficiency of the repairs process.

DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

| Area: Responsive Repairs | | | | |
|--------------------------------|---|--|--------------------|------------------|
| Control | The Council has a Repairs and Maintenance Policy which details its approach to repairs and maintenance. | | Assessment: | |
| | | | Design | ✓ |
| | | | Compliance | × |
| Findings / Implications | <p>Through review of the Housing Repairs and Maintenance Policy we confirmed that it provides guidance on relevant legislation, the different responsibilities of parties involved in the repairs process and guidance on the carrying out of repairs. At the end of the document, the policy clearly states that it will be reviewed on a three yearly basis, or sooner if there are any changes in the relevant legislation. Within the draft policy given in the form of evidence there is a box that indicates when the policy was last reviewed, however the box is empty, and will be entered upon the formal uploading of the policy to the public facing website.</p> <p>Within the policy it states that the Council has made the policy available on the Council's website with open access for staff and tenants. However, the policy was not available on the website at the time of our audit. We did however confirm that the policy had been approved at the Overview and Scrutiny Committee in July 2023 and the Cabinet in November 2023. Lack of availability creates risk that the Council does not appear to have a established approach to managing its repair responsibilities, potentially damaging the Council's reputation.</p> <p>The overall aim of the policy is to set a framework enabling the delivery of an effective maintenance service which fulfils the service's statutory obligations, protects council assets, and offers value for money. The policy lists out a set of principles that the Council's repairs and maintenance service will operate against.</p> <p>The policy has a section specific to responsive repairs where it highlights the following:</p> <ul style="list-style-type: none"> • The responsibility of the council in responsive repairs; • What falls under the category of responsive repairs; • How the council carries out day to day repairs; • How tenants can report repairs; and • The categorisation of repair priorities such as urgent or routine work. | | | |
| Management Action 1 | Management will ensure the Housing Repairs and Maintenance Policy is made available to staff and tenants via the Council Website. | Responsible Owner: | Date: | Priority: |
| | | Interim Head of Housing (Technical Services) | 31 March 2024 | Low |

Area: Responsive Repairs

| | | | |
|--------------------------------|---|---|---|
| Control | There are a number of documented guidance sheets and procedures to support with repairs prioritisation. | Assessment: | |
| | | Design | ✓ |
| | | Compliance | × |
| Findings / Implications | <p>Through obtaining and reviewing the Housing Repairs and Maintenance Policy we can confirm that within the policy is a section titles Repair Priorities that highlights that all repair orders are prioritised according to the urgency and nature of the work. Repairs that are required as a result of component failure or breakdowns that put tenants' health and safety, or the property, at risk will be dealt with faster than those that can safely wait.</p> <p>In addition, the policy separates the categories into the following components:</p> <ul style="list-style-type: none"> • Emergency repairs which are to be attended within 24 hours; • Urgent repairs which are to be attended within five working days; • Routine repairs which are to be attended by mutually agreed appointments; and • Out of hours emergencies. <p>The policy gives advice on each of the above to confirm what constitutes a repair falling into the correctly designated category.</p> <p>Tenants can raise repairs via the phonenumber or by raising it online and appointments will be offered for all non-emergency responsive repairs. Tenants will be able to choose from a number of specific appointment slots. In addition, within the policy, advice on dealing with calls is given such as the fact that tenants will be advised of an appointment date during the phone call and a follow up reminder text will be sent. This falls under the section of Appointment and Access.</p> <p>During testing undertaken during our site visit, we confirmed that the Call Handler Right to Repair Guidance includes the circumstances and job codes to be used in instances where a repair is required in an emergency timeframe (between one and seven days.) These turn around times do not fully align with the Repairs and Maintenance Policy which has time frames of one, and five working days as well as non-urgent jobs. It was also noted that the priorities in the new QL system would be four hours, 2-24 hours, 3-5 days, 4-20 days or planned (appointment only) jobs. The lack of consistent guidance on job priority lengths creates risk that jobs may be raised to the wrong priority leading to a poor level of tenant satisfaction.</p> | | |
| Management Action 2 | <p>Call Handler Right to Repair Guidance, QL system priorities and the Repairs and Maintenance Policy will all be reviewed to ensure that they are consistent with regards to job priorities. Each job will have its associated priority reviewed in QL prior to system rollout.</p> | <p>Responsible Owner: Systems Improvement and Migration Lead</p> | <p>Date: 31 March 2024 Priority: Medium</p> |

Area: Responsive Repairs

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|--------------------------------|--|--|---------------|------------------|
| Control | Partially Missing Control There is some training and monitoring for call handling and planning staff, although this is not in a formal structure. | Assessment: | | |
| | | Design | x | |
| | | Compliance | - | |
| Findings / Implications | <p>Based on discussions with the Senior Business Support Officer, we confirmed that the call handlers and planners are given induction training regarding the use of the Northgate and DRS systems, to ensure that they are able to perform their role adequately. While there is no standardised refresher training, staff are using the systems all year round and develop a working knowledge of the system, and as such regular training updates may not be efficient.</p> <p>However, due to the lack of refresher training, the Council should consider how instances of poor quality work will be identified to identify staff who require additional support. We were informed by the Senior Business Support Officer, that they would regularly use recorded calls to identify training needs and to provide examples for new staff, as well as using feedback from tenants through the rant and rave programme to identify positives and areas for improvement. There is still some risk that poor detail within call handler notes is making job planner's work more difficult, with lack of clarity as to what the job is, and there is also no monitoring of the effectiveness of Job Planners. The Council should implement a monitoring report that reviews instances where jobs have been cancelled and then raised again at the same property on the same day, to identify areas of training for both call handling staff and job planners.</p> | | | |
| Advisory Action 1 | The Council will investigate the possibility of implementing a cancelled and re-raised job report to identify training need within call handling and planning staff. | Responsible Owner: | Date: | Priority: |
| | | Systems Improvement and Migration Lead | 31 March 2024 | Advisory |

Area: Responsive Repairs

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| Control | Run sheets are generated for each operative, each day, via DRS. Job lengths are driven by the Council's schedule of rates (SoR). An amount of free time is built into run sheets to allow for travel time based on the job location. | Assessment: | | |
| | | Design | ✓ | |
| | | Compliance | ✓ | |
| Findings / Implications | <p>We undertook sample testing of 20 responsive repairs jobs, to identify if any jobs had been completed outside of the agreed time frames, confirm how jobs were booked to consider efficiency, and how unexpected delays are responded to. We identified the following:</p> <ul style="list-style-type: none"> Six of the 18 relevant jobs (one excluded due to being a welfare check to support police and the other excluded due to a job being raised to deal with securing an abandoned property, both non-standard), were completed in durations longer than their planned extensions. We discussed with the Senior Business Support Officer how these run overs would be addressed, and were informed that tradesmen were expected to call the job planners to adjust the schedule for the remainder of the day, although evidencing | | | |

Area: Responsive Repairs

this would be difficult as it would hard to identify which appointments had moved in DRS. Instead, the Council may wish to implement a monitoring process to identify trends in job completion data, for example identifying where jobs are completed more than double their expected duration, to allow investigation into the root cause of these extended durations.

- Job durations are based on the Council's Schedule of Rates, based on the job code raised by the call handler. We were informed that, as part of the move to QL, the Council would be moving to the National Housing Federation M3NHF schedule of rates for responsive and void repairs, a nationally used Schedule of Rates which would enable the Council to have a baseline on job durations and costs. As these are due to be implemented into QL, and are updated by the M3 organisation, no action will be raised regarding regularly reviewing the schedule of rates to ensure that it is up to date.
- All 19 relevant jobs (welfare check excluded) were raised to the appropriate operative based on the schedule of rates code. We reviewed DRS and confirmed that jobs to be planned were only able to be assigned to members of staff with the required skills listed in DRS, preventing instances where an electrician would be sent to fix a broken sink.

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| Advisory Action 2 | The Council will consider implementing formal monitoring to identify trends in instances where operatives are consistently taking too long on jobs including consideration regarding capturing other works undertaken at the same visit. | Responsible Owner: Technical Services Manager | Date: 31 May 2024 | Priority: Advisory |
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Area: Responsive Repairs

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| Control | Tenants are able to call a dedicated phone line or raise repairs through a portal on the District Council's website. | Assessment: | |
| | | Design | ✓ |
| | | Compliance | × |
| Findings / Implications | <p>Through discussions with the Senior Business Support Officer, we confirmed that, other than out of hours call outs raised through the CCTV Monitoring Team (and as such not raised in Northgate or completed in DRS), jobs are requested from tenants through either phone calls to the call handlers, or through automated emails sent to the shared inbox monitored by the call handler team. We confirmed that both types of requests would be recorded within the Northgate system, and so would be managed in the same way. We noted that the repairs portal was clearly visible on the Council website, and the repairs page on the website also includes the phone number for tenants to ring. We were informed that if the information provided on the electronic request from the portal is insufficiently detailed, call handlers use the contact details provided to call back and ask additional questions.</p> <p>We did however note that the Tenant Handbook from 2011 is also on the repairs page, which includes the old phoneline, creating risk of confusion for tenants who may be unable to raise repairs requests.</p> | | |

Area: Responsive Repairs

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| Management Action 3 | Management will ensure all guidance on raising repair requests is consistent for tenants and that no outdated contact details remain on the Council website. | Responsible Owner: Interim Head of Housing (Technical Services) | Date: 31 March 2024 | Priority: Low |
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Area: Responsive Repairs

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| Control | Jobs are raised and categorised consistently, are attended in a timely manner, completed or made safe first time where possible, are accurately categorised and a clear record of access attempts are recorded. | Assessment: | |
| | | Design | ✓ |
| | | Compliance | × |

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|--------------------------------|---|
| Findings / Implications | <p>We undertook sample testing of 20 jobs across the DRS and Northgate systems to confirm that all jobs were prioritised consistently, attended in a timely manner, given to the correct tradesperson and that the DRS system enables an appropriate record of any no access attempts or if follow on work is required. Our testing identified the following:</p> <ul style="list-style-type: none">• Of the 18 jobs within the sample that were relevant (an abandonment call out and a welfare check call out are none standard and have been excluded from this test), our testing identified that in 17 instances, the job had an appropriate priority as per the Right to Call Handler Right to Repair Guidance provided by the Council to Call Handlers. In the final instance, the job had been raised as routine but with a three day target time. Whilst this does not fit the policy's working day target, we have raised management action two to address this finding, and were informed that the implementation of QL would include a review of all job priorities in the system, and as such no further management action will be raised.• In all instances, the jobs had been raised to the correct operative for the job type, owing to clear notes and job codes taken by the Call Handlers.• In all jobs, the trade operative had attended within the agreed appointment time which was booked and agreed with the tenant.• We noted that the DRS system enabled operatives to record whether there were issues with access or whether follow on work was required. We noted one instance where a back door had been broken and required securing, however, the notes in DRS and First touch do not clearly show that the property had been made safe whilst awaiting follow on work. This creates risk that the Council does not have assurance that the property has been made safe and the risk to the tenant has been addressed. Another instance was identified where the job had been accidentally deleted within DRS, however as the job was completed without any further follow on, this instance does not create risk to the Council. |
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Area: Responsive Repairs

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| Management Action 4 | The Council will remind all trade operatives to clearly document any works taken on initial visits, particularly in instances where follow on works are required. This will provide assurance that the property has been made safe as well as providing clarity to job planners regarding the follow on works required. Guidance documents will be created to support this process. | Responsible Owner: Technical Services Manager | Date: 30 April 2024 | Priority: Medium |
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Area: Responsive Repairs

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| Control | Missing Control There are currently no consistent QA checks being undertaken by senior trades staff. | Assessment: | | |
| | | Design | | × |
| | | Compliance | | - |
| Findings / Implications | Based on our discussions with the Senior Business Support Officer, we identified that the Council had previously performed QA spot checks on operatives completed jobs to ensure that they are completed to the required standard, in order to promote high quality work and reduce the need for future jobs in the same area. However, we were informed that there was no record held of such spot checks and that they believed that the checks had not been performed recently as a result of the backlog and staffing issues causing senior staff to not have availability to complete these checks. We were informed that the new QL system would have built in QA checks on 10% of completed jobs. Whilst this should be implemented to ensure that works are completed to the required standard, the Council should also ensure that clear responsibility is given to senior trades staff to complete these checks and to feedback any concerns to operatives. There is also potential to share broader themes through toolbox talks to promote continuous quality improvement. | | | |
| Management Action 5 | The implementation of a programme where 10% of jobs will be formally quality assessed will be implemented within QL. Clear oversight responsibility will be allocated, and there will be an established reporting process for sharing broader trends with the full trades team whilst also providing individual feedback to operatives. | Responsible Owner: Technical Services Manager | Date: 30 April 2024 | Priority: Medium |

Area: Responsive Repairs

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| Control | Tenant sign off is received from completed jobs via the operatives PDA. The "rant and rave" feedback scheme can also be used to raise concerns regarding repairs. | Assessment: | | |
| | | Design | ✓ | |
| | | Compliance | × | |
| Findings / Implications | <p>As part of the process for completing a job on their tablet, and operative will sign off on a completed job, and will also request the tenants signature to verify that the works have been completed to an acceptable standard. We reviewed a sample of 18 jobs for which the tenant would be expected to sign off (removing the sampled jobs for securing a property and the welfare check job). In these 18 instances we identified the following:</p> <ul style="list-style-type: none"> • Five jobs had tenant sign off; • 12 jobs did not have tenant sign off, but noted on the completed job why no sign off had been obtained. • The final job did not have tenant sign off and also did not have a note explaining the lack of sign off. <p>Obtaining tenant sign off as often as possible, and providing a valid reason when this is not possible, will provide additional assurance to the Council that works have been completed appropriately and that the tenant is satisfied that the issue has been resolved. The Council will monitor the high number of instances where tenants are unable to sign approval and attempt to improve these figures where possible, to reduce risk that tenants are not being consulted on the quality of works completed.</p> <p>We also identified that the Council obtains feedback from tenants using the Rant and Rave software, which sends automated requests for feedback to tenants once a job has been completed. This allows for feedback on a per job level. Rant and Rave includes a satisfaction score as well as a free text response regarding the service each individual has received. Whilst this information is readily available to the Repairs Team, it is not used to drive structured reporting which allows for assessment of tenant satisfaction and identification of trends relating to individual operatives or particular trades. The Council should look to make use of this information, which it already has available, to drive specific feedback to operatives and drive continuous improvement. This will in turn reduce risk regarding tenants being unsatisfied with the standard of works being completed, and allows for particular operatives performance to be reviewed.</p> | | | |
| Management Action 6 | The Council will remind operatives to obtain tenant sign off for completed works in all instances and to clearly level a note within First Touch recording any reason why the tenant was unable or unwilling to sign off on the job. | Responsible Owner: | Date: | Priority: |
| | | Technical Services Manager | 30 April 2024 | Low |
| Management Action 7 | The Council will utilise the information from Rant and Rave in an agreed reporting structure, to monitor overall performance and provide specific feedback to operatives. | Responsible Owner: | Date: | Priority: |
| | | Interim Head of Housing (Technical Services) | 31 May 2024 | Low |

Area: Responsive Repairs

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|-------------------------|---|--|-------------|-----------|
| Control | Monthly budget meetings are used to monitor any changes in repairs spend. | Assessment: | | |
| | | Design | | ✓ |
| | | Compliance | | × |
| Findings / Implications | <p>We met with the Financial Accountant who supports the Interim Head of Service - Housing Technical Services with regard to budget monitoring. We confirmed that they undertake monthly budget monitoring meetings, which involves a review of the cost centres within the Technical Services budget, their original and current budgets, the YTD actual spend (or income) against the YTD budget, and various other predicted and committed expenditure factors. We reviewed examples of these meetings from P3, P8, P9 and P10. Cost codes are reviewed on a line by line basis allowing for individual costs to be reviewed. We noted that materials spend was included within this report, and had required a virement from the compliance budget of £200,000 and was forecast to total £1,044,300, which is £260,000 greater than the materials costs for 22/23. As a result, we queried how job level costs are being monitored.</p> <p>Discussion with the Repairs Officer noted that they review a monthly report from Huws Gray, the Council's materials provider, which provides a line by line report of purchases made by the Council, including each of the purchases made in the month, the operative ordering and the job which the materials were associated with. Whilst there is some informal monitoring of this report, it is not being proactively used to provide management information. The Council is at risk of inflating materials costs which are not being reviewed, which may lead to excessive or inefficient materials use, and potential cost savings being used. This information may also be able to be used to identify which areas are leading to increased materials costs (for example if plumbing operatives are spending notably more over time).</p> <p>We were also informed by the Repairs Officer that the Council had previously explored more closely managed van stock, using an app provided by Huws Gray to associated materials used with jobs, with Huws Gray replacing used materials as and when they are used. This may provide more established oversight for materials expenditure, and would also reduce the likelihood that materials are ordered through suppliers other than Huws Gray.</p> | | | |
| Management Action 8 | <p>The Council will utilise the management information provided by the materials contract, as well as other available data from Northgate and DRS, to create management reports which allow for trend analysis regarding job, operative and trade type level spend. These data points will be monitored over time and exceptions will be reviewed (for example excessively expensive jobs).</p> <p>The Council will also continue to investigate implementation of a more managed van stock approach under Huws Gray, to provide more oversight and control regarding use of materials.</p> | Responsible Owner: | Date: | Priority: |
| | | Interim Head of Housing (Technical Services) | 31 May 2024 | Medium |

Area: Responsive Repairs

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|--------------------------------|--|--|---------------|------------------|
| Control | Missing Control | Assessment: | | |
| | Initial discussion with client identified that whilst KPIs regarding eight key compliance statistics is reported to the Housing OSC (Oversight and Scrutiny Committee), there are not currently any established reporting lines regarding repairs effectiveness or efficiency. | Design | | × |
| | | Compliance | | - |
| Findings / Implications | Through discussion with the Interim Interim Head of Housing (Technical Services), we discussed how repairs performance was being reported and monitored across the Council. We identified that there whilst there is consistent reporting of KPIs relating to eight key compliance areas to the Housing OSC, there areno established reporting lines to any of the governance forums at the Council regarding compliance with repairs targets, and as such there is no formal monitoring of the Councils reporting regarding the current backlog of open jobs within Northgate, the Council's ability to meet the agreed turn around times for emergency jobs per the Repairs and Maintenance Policy, or the trends in repair costs (as noted above.) We were informed that the Interim Head of Housing (Technical Services)meets monthly with the Chief Executive, Council Leader and Portfolio Holder to monitor the performance of the Housing Technical Services area. It was agreed that having these performance figures to hand would aid in consistent performance reporting and enable more informed oversight as well as aiding decision making. There is currently a risk that a lack of oversight on the actual performance of the repairs service is leading to a lack of awareness amongst the Council Governance Structure. | | | |
| Management Action 9 | The Council will implement established KPIs for performance figures relating to repairs, such as the number of open jobs, the success rate with which jobs are being closed in line with the Council targets, and the average costs of repairs. These KPIs will be reported to Housing OSC | Responsible Owner: | Date: | Priority: |
| | | Interim Head of Housing (Technical Services) | 31 March 2024 | Medium |

Area: Responsive Repairs

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|--------------------------------|---|--------------------|--|---|
| Control | We will perform a number of exploratory data analytics tests to identify trends and exceptions in repairs data for additional investigation and sample testing. | Assessment: | | |
| | | Design | | × |
| | | Compliance | | - |
| Findings / Implications | We undertook data analytics to review the available repairs data and identify any data anomalies for further investigation. It should be noted that the large backlog of open jobs at the Council has led to a number of jobs falling behind, which has inflated our results in a number of categories. It should also be noted that the Northgate system creates multiple job lines for jobs which have taken place over multiple days, which we have attempted to counter act by filtering out duplicate job numbers, however we have considered the effects of this in our sample testing where necessary. It should also be noted that the Council had brought in an external consultant in 2022 to undertake a large scale close down of open jobs in an attempt to reduce the backlog of open jobs. These closures on 16 March and 30 September 2022 have been excluded from sample testing, but are included in our overarching data results, as they represent jobs which | | | |

Area: Responsive Repairs

are not being completed in a timely manner. This resulted in a natural dip in performance figures in 2022 for all of our data tables. We based our testing of the closed date of all jobs in order to provide a reflection of how the Council is performing for newer jobs and how this is impacted by the backlog and the jobs included in the mass closedown. Our testing is based on reports of completed jobs since April 2021 to January 2024, covering the following spread of completed jobs:

- 2021: 3,772 jobs closed;
- 2022: 7,080 jobs closed (including 2,435 from consultant close down);
- 2023: 5,674 jobs closed; and
- 2024: 458 jobs closed (as of 26 January).

Jobs taking too long against policy

Emergency Repairs

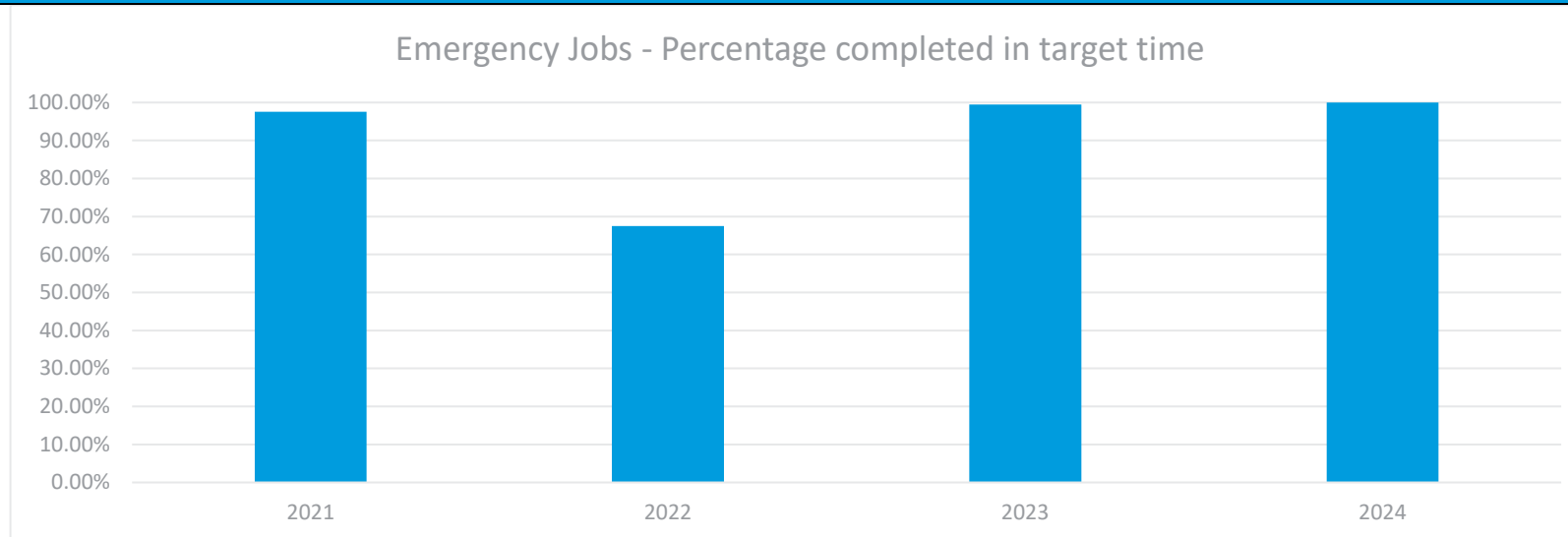
282 of the 2,029 emergency repairs in the data, which have a target completion time of two hours, were not completed in two days, meaning that 86.2% of all emergency repairs were completed in two days or less. Of these, only six jobs had not been closed on the 16th March or 30th September 2022. Sample testing half of these jobs identified the following issues:

- Two jobs had been completed either by Liberty Gas (the Councils Gas Contractor) or via an out of hours call out, however the jobs had not been closed in Northgate.
- The final job was also a call out, on which a follow on job was requested, however this was not reflected in Northgate. Whilst another job was raised at the same address to rectify the issue, the lack of follow on job being raised led to this job sitting open for an extended period.

287 of the emergency repairs jobs were not completed on the day they were raised, and as such 85.9% of all emergency jobs were hitting the target set by the Council. Breaking this value down into annual data, the following percentage of jobs were hitting their target completion, showing strong performance in this area, outside of the mass closedown in 2022:

| Calendar Year | Priority | Jobs Complete | Jobs complete in target time | Jobs not completed in target time | Percentage completed in target time |
|---------------|-----------|---------------|------------------------------|-----------------------------------|-------------------------------------|
| 2021 | Emergency | 122 | 119 | 3 | 97.54% |
| 2022 | Emergency | 859 | 580 | 279 | 67.52% |
| 2023 | Emergency | 989 | 984 | 5 | 99.49% |
| 2024 | Emergency | 59 | 59 | 0 | 100.00% |

Area: Responsive Repairs



Urgent Repairs

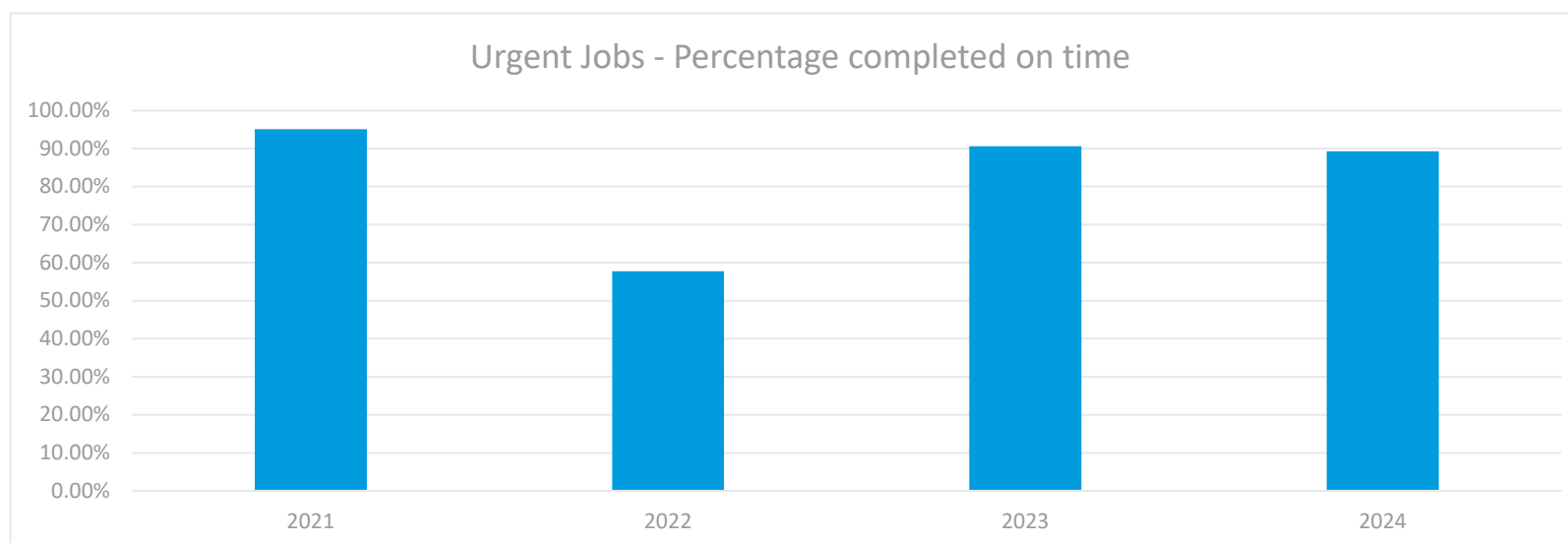
Of the 2,334 urgent repairs with a one day turn around time 474 took more than 10 days to complete, meaning 79.7% of urgent jobs were completed in 10 days or less. Of these, 67 jobs had not been closed on the 16th March or 30th September 2022. Sample testing five of these jobs identified the following:

- Three jobs, completed in 2021, 2023 and 2024, were genuine reflections of the the time taken to complete, all of which were jobs which had multiple instances of follow on work with material delays causing extended durations.
- One job, completed in 2024 after being open for 789 days, had no notes on file to indicate if the work was completed or if more work was required. It is therefore unclear whether this issue was addressed.
- The final job, completed in September 2023, had been attended once to make safe a smashed window, and then had taken an extended break to close due to lack of materials. However, the visit in May 2023 did not include any clear indication that the window had actually been made safe. We have raised a prior management action to address the lack of clarity.

550 of the urgent repairs jobs were not completed in the target one day turn around, representing 23.5% of all urgent jobs which were missing the target set by the Council. Breaking this value down into annual data, the following percentage of jobs were hitting their target completion, and in a similar manner to Emergency repairs, shows relatively high performance other than the mass closedown in 2022.

Area: Responsive Repairs

| Calendar Year | Priority | Jobs Complete | Jobs complete in target time | Jobs not completed in target time | Percentage completed in target time |
|---------------|----------|---------------|------------------------------|-----------------------------------|-------------------------------------|
| 2021 | Urgent | 466 | 443 | 23 | 95.06% |
| 2022 | Urgent | 1067 | 616 | 451 | 57.73% |
| 2023 | Urgent | 745 | 675 | 70 | 90.60% |
| 2024 | Urgent | 56 | 50 | 6 | 89.29% |



Routine Repairs – 3 days

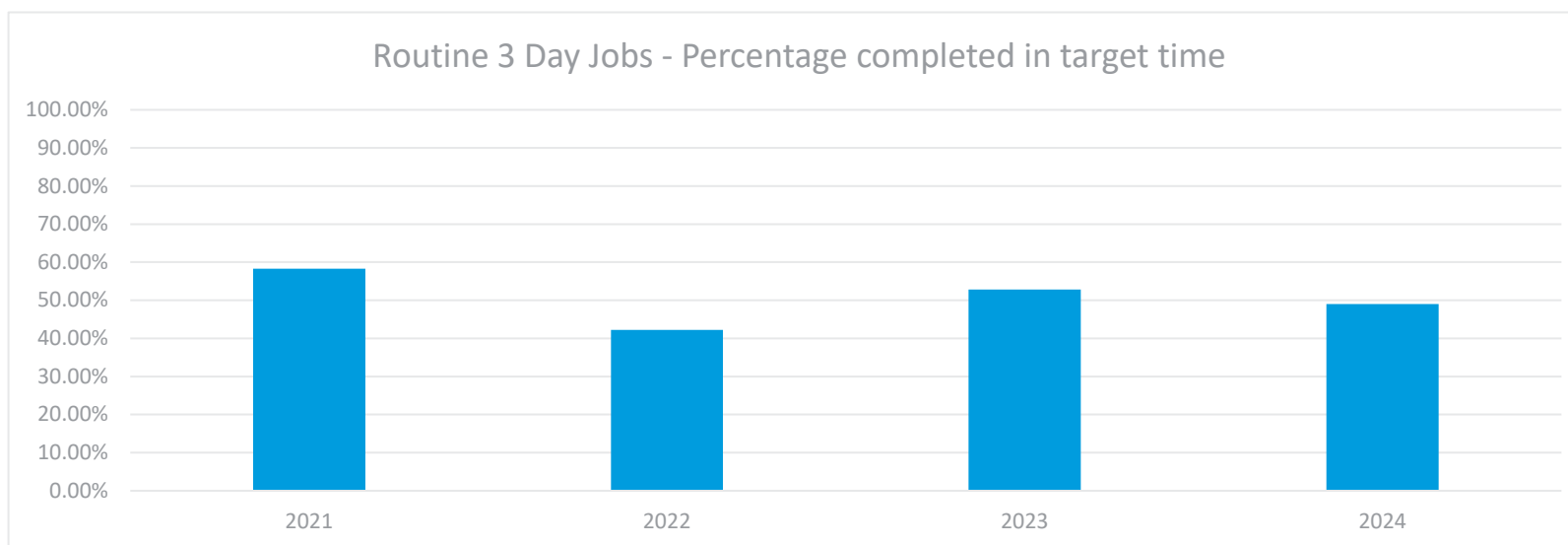
Of the 1,492 routine repairs with a three day turn around time 294 (19.7%) took more than 30 days to complete. Of these, 145 jobs had not been closed on the 16 March or 30 September 2022. Sample testing five of these jobs identified the following:

- Two jobs, completed in 2021 and 2023, appeared to be genuine reflections of the completion times, with jobs either delayed due to access to materials or requiring multiple follow on jobs.
- Two jobs, completed in 2022 and 2023, had not been raised in line with the priority description, i.e. the planner noted that the job was a seven day RTR but the job was raised as a routine 3 day job (see management action one regarding consistency of priorities).
- In the final instance, completed in December 2023, the first visit noted that there may be damp and mould issues due to an old slate roof, however there was no clear follow on job raised to rectify this issue. It is therefore possible, from the information available, that this potential damp and mould and leaking roof was left unactioned for 726 days after the first visit.

Area: Responsive Repairs

752 of the routine repairs were not completed in the three day turn around, representing 50.4% of all routine jobs missing the target set by the Council. Breaking this value down into annual data, we can see that these routine jobs do not perform as strongly as emergency and urgent repairs, reflecting the difficulties that the repairs function is facing in non-urgent jobs. These performance figures suggest that performance in this areas may be contributing to the overall repairs backlog.

| Calendar Year | Priority | Jobs Complete | Jobs complete in target time | Jobs not completed in target time | Percentage completed in target time |
|---------------|-----------------|---------------|------------------------------|-----------------------------------|-------------------------------------|
| 2021 | Routine - 3 day | 247 | 144 | 103 | 58.30% |
| 2022 | Routine - 3 day | 549 | 232 | 317 | 42.26% |
| 2023 | Routine - 3 day | 598 | 316 | 282 | 52.84% |
| 2024 | Routine - 3 day | 98 | 48 | 50 | 48.98% |



Routine Repairs – No target time

Of the 11,129 routine repairs without a target turn around time, 2,583 (23.2%) took more than 60 days to complete. Of these, 1012 jobs had not been closed on the 16 March or 30 September 2022. Sample testing 10 of these jobs identified the following:

- Six of the jobs appeared to be genuine delays as a result of the backlog of works at the Council.

Area: Responsive Repairs

- For one job, the initial appointment was missed as the operative missed the appointment slot, and then a lack of notes in Northgate meant we were unable to understand why the job had then been delayed for 11 months after the missed appointment.
- For the remaining three jobs, each showed an elongated time frame which was caused in part due to no access issues which were then not closed down after seven days, leading to not only an increased number of open jobs, but also allowing the job to become live again, which we were informed likely took place after the same tenant re-contacted the call handlers.

Jobs completed before they were raised

We identified that 854 of the 16,984 jobs which were closed between April 2021 and January 2024 had been closed before they were registered. This represents 5% of the entire population of jobs. It was noted that all 854 jobs were emergency jobs. We undertook sample testing of five jobs, selecting those with different time gaps, to understand the root cause of these issues:

- Two jobs with gaps over a year appeared to represent typing errors, with the year entered incorrectly. Similar apparent typing errors were clearly visible in the data from incorrect months or missing digits.
- In all three remaining instances, the delays were caused due to late receipt of call out sheets from out of hours jobs. While these completion dates were correct, we were informed by the Senior Business Support Officer that this could be addressed through documenting the job the date was allocated to the call out officer, rather than the date that the Job had been formally recorded in Northgate.

Appointments made on or before the date of job registration

We reviewed the completed jobs from 2021 and 2022 completed job reports (these included current year repairs), using the DRS report to add appointment dates. Our testing identified no instances where jobs had appointment dates prior to them being registered. Of the 3,844 jobs with appointment dates, we noted that 388 had same day appointments, but were not for urgent or emergency priority jobs. Of these, all were completed on the appointment date, suggesting the appointment had been successful.

Jobs with delayed appointments

We reviewed the completed jobs from 2021 and 2022 completed job reports, using the DRS report to add appointment dates. Our testing identified that of the 522 Emergency and Urgent priority jobs, 36 had appointments more than seven days after the job had been raised. Sample testing five of these jobs identified that in all instances, the jobs had run over extended periods due to no access attempts and follow on jobs, with the appointment dates being extended as a result of multiple visits to the property. Whilst this is a reasonable outcome in some circumstances, in three instances we noted a lack of clarity as to the action taken on initial visits, the correct parts not being ordered correctly (due to lack of clear notes) or jobs being marked as complete but requiring additional works, had led to extended job durations and a lack of assurance as to what action was taken on the first visits (i.e. was the defect made safe). This lack of clear documentation reduces the efficiency of the repairs process and risks poor tenant satisfaction.

We also noted that, of the 3,322 routine jobs which had appointments, 327 had appointments 90 days or more after the job had been raised. Sample testing five of these jobs identified the following:

- Two job reflected a genuine delay in the works being completed, due to the lack of available builders and operatives.

Area: Responsive Repairs

- One job was unnecessarily delayed due to inconsistent use of follow on jobs, in one instance the jobs had not linked in Northgate to the original job.
- In one instance, a job had been closed in March 2022 as part of the consultant job close down in Northgate, but was completed in October 2023 as the job was still live in DRS. It is unclear how the closedown of Northgate jobs has enabled DRS jobs to remain open.
- In the final instance, a lack of notes made it difficult to understand why so many visits to the property were required, however the job had been raised to the wrong trade initially due to a lack of understanding as to what work was required.

Results summary

Based on our various findings above, we have noted the following key areas for improvement:

- The Council must address the high number of open jobs, as this is currently leading to a high number of jobs running beyond the targets within the policy. This is not only creating risk of poor levels of tenant satisfaction but effect the quality of tenants living conditions. Consideration of how to close all jobs which are over a certain age or have not had any communication over a set period of time should be considered in order to appropriately address the backlog.
- Processes are not currently effective with regards to consistently and efficiently completing any jobs which are non-standard, i.e. those requiring follow on work, being completed out of hours or by external contractors, or instances where no access can be gained upon appointment. In these instances, lack of clear process is leading to jobs remaining open for extended periods of time, as well as a lack of clear follow on work causing materials to be ordered and re-ordered due to lack of clarity as to what is required. These errors are causing time and cost inefficiencies, are contributing to the backlog of open jobs, and are creating risk of poor tenant satisfaction due to delays in-between initial appointments and works completion.
- Whilst not possible at the current time due to the number of open jobs, the Council does not have detective controls in place for once the backlog has been cleared, to enable efficient operation. Without a process to monitor all jobs at risk of, or having breached the agreed turn around times for jobs, there is risk that the open jobs backlog will begin to accumulate again, and that tenants at risk due to incomplete works are not being prioritised.

We have identified an instance where a job which appeared to have been closed in the Northgate mass close down remained open in DRS. The Council is current at risk of having paid for closing down jobs in Northgate which remain open in DRS, and as a result will carry into QL. This creates risk of damaging the data within QL as well as contributing to the jobs backlog. These jobs may prove increasingly difficult to close down due to the lack of joined job in Northgate.

| | | | | |
|-----------------------------|---|---|----------------------------------|-----------------------------------|
| Management Action 10 | The Council will consider options such as closing all jobs over a particular age, and will implement a solution to reduce the high number of open jobs within Northgate. The selected solution will be approved by an appropriate forum within the Council. | Responsible Owner: Interim Head of Housing (Technical Services) | Date: 31 July 2024 | Priority: High |
| Management Action 11 | Following the reduction of the open jobs backlog, the Council will implement monitoring controls to identify jobs which are breaching agreed turn around times. | Responsible Owner: Interim Head of Housing (Technical Services) | Date: 31 December 2024 | Priority: Medium |

Area: Responsive Repairs

Processes will be in place to actively clear these breaching jobs to reduce the risk of the backlog accumulating again.

| | | | | |
|-----------------------------|--|---|-----------------------------|-----------------------------------|
| Management Action 12 | The Council will fully review its processes and guidance notes to ensure that there is a clear approach to raising follow on jobs, and that this includes the risk associated with the circumstances identified on the initial visit, as well as any materials required. | Responsible Owner: Interim Head of Housing (Technical Services) | Date: 31 May 2024 | Priority: High |
| Management Action 13 | The Council will investigate the finding that jobs closed in Northgate as part of the large scale closedown are still open in DRS, and will seek to understand how this will affect the jobs data being moved into the QL system. | Responsible Owner: Interim Head of Housing(Technical Services) | Date: 31 May 2024 | Priority: Medium |

EXECUTIVE SUMMARY - PAYROLL

With the use of secure portals for the transfer of information, and through electronic communication means, 100 per cent of our audit has been conducted remotely. Remote working has meant that we have been able to complete our audit and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test, or undertake full population testing using data analytics tools, to complete the work in line with the agreed scope.

Why we completed this audit

An audit of payroll was undertaken to ensure adequate systems and processes are in place for new starters, leavers, and payments to ensure staff are paid both accurately, and timely. Due to the value of the payroll and number of transactions processed both daily and monthly, this is a key risk area and is therefore included within our internal audit plan on a cyclical basis.

Payroll processing is managed through the iTrent system with built in workflows to ensure adequate approvals are provided for all changes, in line with delegated authorities and with appropriate segregation of duties. Processes are clearly defined within policies which segregate roles between the HR Team and the Payroll Team.

Sample testing was conducted on changes since 1 April 2023 and data analytics testing was also conducted to enable review of the full population within the payroll system.

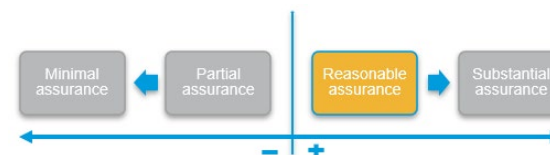
Conclusion

Our overall review confirmed the presence of an appropriate control framework covering the payroll process at the Council, as per the Council's Financial Regulations. Based on our testing, segregation of duties was clearly apparent throughout the processes, however, we found two areas of non-compliance which have resulted in the agreement of two medium priority management actions with management.

Internal audit opinion:

Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the Council relies to manage this area are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area.



Key findings

We identified the following findings:



The Council have in place a set of Financial Regulations and procedure notes that detail the regulations and processes to follow for all staff when completing the payroll. The Financial Regulations had been reviewed and approved by Council in May 2022 and are made available to all staff on the staff shared drive.



Through review of the iTrent system and the Financial Regulations we can confirm that the Council has in place segregation of duties between the Finance Team, HR Team and Payroll Team. This was evidenced through our testing throughout this audit and through review of the user access rights within the system.



The Council run a monthly balancing report on all payees every month, this balancing report details all changes in monthly wages for all employees and the variances from last month. We can confirm that all instances of a plus or minus 10% variance in payroll are investigated by a member of the Payroll Team for both gross and net for the months of November 2023, December 2023 and January 2024.



The monthly payroll is reviewed by both a member of the Payroll Team and the Deputy Director of Finance before being processed for payment. Our testing found that for our sample of three months, these had been approved by the Deputy Director of Finance prior to payment.



Testing of 10 leavers identified that in all instances they had been removed in a timely manner from payroll with details accurate to the source documentation and notification through to the Payroll Team.



The Payroll Team perform final salary calculations for all staff leaving the Council to identify any unused annual leave, payment in lieu of notice, redundancy packages, and any other payments. As part of our testing we reviewed a sample of 10 members of staff who had left the Council within the past year, and ensured that the Payroll Team had completed their final salary calculations and had been checked by second member of the Payroll Team. Our testing found that for all 10 leavers, the Payroll Team had performed final salary calculations and they had been checked by a second member of the Payroll Team, and all leavers were no longer recorded on the Council's payroll.



As part of our data analytics testing we looked at payments made after the member of staffs leaving date. We identified 33 staff who had been paid after their leaving date. Testing of five of these confirmed that these staff had either left after that months payroll had been processed and were therefore processed on the subsequent months payroll or they had an outstanding payment to be made such as backpay.



As part of our data analytics testing we identified 362 payroll numbers which had been paid, but were not present on the full staff list. 87 of these were leavers, however 275 were not accounted for. These 275 staff had 5,273 payments associated with them. Testing of five of these instances we found that these were all casual support officers or freelance workers.



As part of our data analytics testing we looked at 28 instances of duplicated bank details, covering 56 employee records. We also identified that 38 staff did not have any bank details on record. Upon review of five of these instances we found that these were either due to the employee being on two separate contracts needing separate pay rates or the bank details belonged to married couples who shared a bank account.



As part of our data analytics testing we looked at duplicate employee details and found 19 instances where employee details were present multiple times. We looked at five of these instances and confirmed that in all cases this was due to staff holding multiple contracts for their different roles.

However, the following findings have resulted in two medium priority managements action being agreed:



Our testing of 10 new starters found that the Council had retained completed new starter forms for eight of the 10 new starters, three of which had not been dated and one of them had been completed on the same day as their start date.

We also reviewed the bank details form for the new starters and found that eight of the new starters had a bank detail request form that matched the details on the payroll database. For two of the sampled members of staff we were not supplied with bank detail request forms. We therefore could not confirm the accuracy of setup. **Medium**



Testing of 10 contract changes or amendments identified that nine of the changes required a contract change form (the remaining instance was a contract extension). Testing identified three instances where the amendment approvals were after the effective date, one instance where the Finance Team had approved the change after the effective date and one instance where the change had not been authorised by the Finance Team but had just been ticked. **Medium**

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

| Area: New Starters | | | | |
|--------------------------------|--|--|-------------------------------|----------------------------|
| Control | Starter forms with relevant information (salary, start date and bank account details) are fully completed and authorised by an appropriate member of staff (as per the scheme of delegation) who is different to the preparer. Monthly checks are done of all new staff who joined the Council that month ensuring that they have been correctly added to the payroll. | Assessment: | | |
| | | Design | ✓ | |
| | | Compliance | | × |
| Findings / Implications | <p>It is Council procedure that all new starters complete the HMRC New Starter Form or hand in their P45 prior to joining the Council. New starters also complete a bank details form detailing their bank details for payment purposes.</p> <p>As part of our testing we selected a sample of 10 new members of staff this financial year ensuring that the Council have retained their new starter form, bank details form and that the forms were complete prior to starting at the Council. Our testing found that of the 10 members of staff sampled the Council had retained completed new starter forms for eight of the 10 new starters, three of which had not been dated and one of them had been completed on the same day as their start date.</p> <p>We also reviewed the bank details form for the new starters and found that eight of the new starters had a bank detail request form that matches the details on the payroll database. For two of the sampled members of staff we were not supplied with bank detail request forms.</p> <p>The Payroll Team perform monthly checks on all new starters who have joined the Council each month, in these checks two members of the Payroll Team independently check that all new starters that month have completed their new starter form. The Payroll Team also check that the new starter is on the correct pay scale and pension payment plan.</p> <p>We can see evidence of the Council checking all new starters on their monthly new starter checks and in all instances the new starter check has been input by a member of the Payroll Team then reviewed by a separate member of staff from the Payroll Team.</p> <p>The risk associated with not retaining original new starter forms and bank detail forms is that new starters information may be setup inaccurately, this could lead to an incorrect payment being made. We could also not confirm the accurate setup of each new starter.</p> | | | |
| Management Action 1 | The Council will retain all new starter forms ensuring that they have been fully completed and correctly dated. | Responsible Owner: Payroll Officer | Date: 30 April 2024 | Priority: Medium |

Area: Payroll Amendments

| | | |
|--------------------------------|---|---|
| Control | Any requests to change payroll details are reviewed by the Finance Team, and Line Managers before the Payroll Team make the appropriate changes on the payroll system. | Assessment: Design ✓ Compliance × |
| Findings / Implications | <p>As part of our testing we selected a sample of 10 contract changes and amendments made in the past year, ensuring that the Council have appropriately reviewed and authorised the changes prior to them being processed. The contract change form requires sign off by both the Finance Team and the individuals Line Manager, before the Payroll Team can perform any changes.</p> <p>Of the 10 contract changes sampled, nine of the 10 changes required a contract change form. One of the contract changes sampled was just a contract extension and therefore no contract change form is required as the terms of the contract remained the same. For the other nine sampled changes we have seen evidence of the Council completing a contract change form for the Payroll Team to process. Of the nine forms to review, we can see that five of the contract changes were signed off by both the Finance Team and Line Manager prior to the effective date on the form.</p> <p>We noted that there were three instances where both the Finance Team and Line Manager sign off were dated after the contract change effective date.</p> <p>There was one instance where the contract change form was signed off by the Line Manager on the effective date and it was signed off by the Finance Team four days later.</p> <p>Where approval of contract changes are not prior to their effective date, there is a risk that the contract changes may be processed by the Payroll Team that have not been authorised, leading to incorrect payments to staff being made. Alternatively, once approved, backpay may be required where changes have been processed after they should have been effective from which increases the risk of errors being made.</p> | |
| Management Action 2 | The Council will ensure that all contract changes are approved by both the Finance Team and the member of staff's Line Manager prior to the changes being made and where possible prior to the effective date. | Responsible Owner: Payroll Officer Date: 30 April 2024 Priority: Medium |

EXECUTIVE SUMMARY – PURCHASING AND CREDITORS

With the use of secure portals for the transfer of information, and through electronic communication means, a proportion of our audit has been conducted remotely. Remote working has meant that we have been able to complete our audit and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test, or undertake full population testing using data analytics tools, to complete the work in line with the agreed scope.

Why we completed this audit

Our audit on Purchasing and Creditors was undertaken to evaluate the Council's procedures for acquiring goods and services, ensuring their effectiveness and practical compliance against agreed upon procedures. The audit also focussed on a review of controls related to the management of new supplier data and updates to existing supplier information. Maintaining a strong purchasing process within the Council is vital, as it supports the Council with obtaining value for money in its purchases and stays within budgetary constraints.

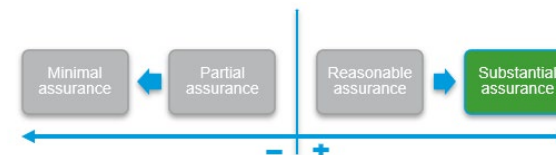
The Council use two system's called 'eProcurement' and 'eFinancials' for their purchasing processes. 'eProcurement' is utilised for the raising and approving of purchase orders. The 'eFinancials' systems is utilised for the invoicing and payments of purchases. The Council are currently in the process of switching from their current two systems to a new one which is due to be launched in September.

Conclusion

We confirmed that South Kesteven District Council have efficient purchasing processes in place which is being adhered to in practice; however, our review highlighted areas for improvement, specifically regarding raising purchase orders after an invoice is received. The review has led to the agreement of one medium and one low priority actions with management.

Internal audit opinion:

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.



Key findings

We identified the following areas of good control design which are being complied with in practice:



The Council have a Financial Regulations document in place which has been reviewed up to date and is made available within the policies section of the intranet site. The regulations are also supported by procedural documentation on the system used as part of the purchasing process.



There are user access restrictions incorporated into the financial systems used at the Council, upon user setup, individuals are allocated a role type, each with financial limitations based on their assigned role.



Invoices are automatically matched to PO's through an automated verification process within the 'POPr53' system and produces a report to show which invoices that have matched and have not. Invoices which match are sent through for payment and non matches are investigated manually by the finance team.



We sample tested 20 purchases made which confirmed:

- In all instances, the purchase was included within the BACS file.
- In all instances, the BACS file was created by the Exchequer Officer, processed by the Senior Exchequer Officer and approved by second Senior Accountant within the Council.



We sample selected ten new suppliers and confirmed:

- In six instances a supplier request form had been filled in and proof of bank details obtained as evidence.
- In two instances a payment voucher had been completed in full for a one off payment.
- In one instances a re-occurring grant payment was set up as part of the Ukraine Support Grant with evidence obtained of the debit card for the individual.
- In one instance a one-off payment for a car park refund was set up based on information received from corporate facilities.
- In all instances, the supplier details were processed by one staff member and subsequently verified by a different staff member.



We selected a sample of 5 bank detail changes and confirmed:

- In all instances, the bank detail change was performed by one member of staff;
- In all instances, the bank detail change was checked by a different member of staff; and;
- In all instances, sufficient evidence had been gathered to support the bank detail change.



From our data analytics results we sample tested ten instances of duplicate supplier instances and confirmed:

- In all instances the supplier codes started with AG, CL, LL, 6 and 7 which are all housing benefits, council tax or business rates refunds. This means that its gone to the same supplier but for a different premises therefore no concerns.



Our data analytics testing there was instances of members of staff approving limits about their approval limit, we sample tested five approvers and confirmed:

- In three instances, the purchase orders checked were amounts within the approvers limits.
- In one instance, the approver had departed from the organisation, resulting in an approval limit of £0. However, during the period when their approvals were required, the amounts in question remained within the applicable limit.
- In one instance, the individual who approved the purchase orders had been promoted to interim head of estates. The amounts sample tested had fell within their designated approval limits.



Our data analytics testing identified transactions with the same supplier and amounts had occurred on the same date and time. We selected 10 duplicate transaction instances and confirmed:

- In all instances, the transaction amount had it's own invoice number therefore was accurate.



We sample tested the top three valued purchase orders which had been raised and approve by the same member of staff and confirmed:

- In one instance, the purchase order had been raised and approved within the designated limit for the member of staff; and;
- In the remaining two instances, the purchase order had been raised by one member of staff and approved by the correct approver, however it was approved in the other finance system to the one the purchase order was raised in.

However, the following finding has resulted in one medium and one low priority management action being agreed:



Through sample testing 20 purchases we confirmed:

- In all instances, a purchase order had been raised and approved by correct delegated authority in line with approval limits.
- In all instances, the system was updated to state the goods or services were received so payment could be made.
- In fourteen instances, the invoice was received after the purchase order was raised in the system.
- In six instances, the invoice was received before the purchase order was raised in the system.

Details of the low priority management action can be found in section 2 of this report.

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

| Area: Delegated authority | | | | |
|--------------------------------|---|--|-----------------------------------|----------------------------|
| Control | Purchase orders are raised in the eProcurement system which has a built in authorised signatory list, if the purchase order (PO) requires approval a notification is sent to the member of staff relevant to the amount raised. The members of staff who raised the PO is responsible for goods receipting the purchase within the system. The council use a system called 'POPR53' which automatically matches invoices received to PO's in the system. | Assessment: | | |
| | | Design | ✓ | |
| | | Compliance | | × |
| Findings / Implications | <p>When a member of staff needs to purchase goods or services they are to complete a requisition form which is to be signed by the relevant staff member as per the authorised signatory list. A purchase order is then raised in the eProcurement system, which is automatically sent to the necessary member of staff for approval, as per their limits. Once approved, the goods or services can be purchased and once received is to be goods receipted within the system. When an invoice is received into the financial mailbox, it is run through the POPR53 auto matching process to match to existing PO's. We sample tested 20 purchases which confirmed:</p> <ul style="list-style-type: none"> • In all instances, a purchase order had been raised and approved by correct delegated authority in line with approval limits. • In all instances, the system was updated to state the goods or services were received so payment could be made. • In fourteen instances, the invoice was received after the purchase order was raised in the system. • In six instances, the invoice was received before the purchase order was raised in the system. <p>There is a risk of goods and services being purchased without appropriate authorisation within the system, potentially resulting in unauthorised purchases made by members of staff.</p> | | | |
| Management Action 1 | The Council will brief all members of staff that purchase orders are to be raised before the purchase of goods or services. | Responsible Owner: Senior Accountant | Date: 30 September 2024 | Priority: Medium |

Area: Data Analytics - Supplier accounts with same bank details

| | | |
|--------------------------------|---|--|
| Control | There are instances of duplicate bank details and suppliers without valid bank details (either blank or all 0's) | Assessment: Design ✓ Compliance × |
| Findings / Implications | <p>We identified ten sets of duplicated bank details, of which two were blank bank details (either blank or all 0's) which resulted in suppliers without valid bank details. The remaining eight sets had 18 total lines of duplicated supplier information which was sample tested, through sampling we confirmed:</p> <ul style="list-style-type: none"> • In five instances, one of the duplicate bank detail accounts had been deleted within the system. • In three instances, there was duplicate accounts still active with the same bank details, one of the duplications is still actively used to pay National Insurance, Tax, Student Loans to Inland Revenue. <p>There is a risk that there are duplicated accounts with the same bank details within the system which could lead to incorrect accounts being used for payments.</p> <p>From our data sample it was also noted that over 16000 accounts did not have any bank details included on their account, we dip checked two accounts of which one had an active direct debit on. A recommendation to the Council would be to ensure that the new system can pull data on supplier information so it can be monitored effectively to ensure no duplications.</p> | |
| Management Action 2 | The Council are to ensure that data cleansing is conducted on existing supplier data to ensure no duplication of bank details into the new system. | Responsible Owner: Senior Accountant Date: 30 September 2024 Priority: Low |

EXECUTIVE SUMMARY – FOLLOW UP 2

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely. Based on the information provided by you, we have been able to sample test complete the work in line with the agreed scope.

Background

We have undertaken a review to follow up on progress made to implement the previously agreed management actions from the following audits:

- 2022/23-02 – Key Control Testing;
- 2022/23-10 – Cyber Security;
- 2020/21-02 – GDPR Post Implementation Review;
- 2020/21-12 – Housing Compliance Update;
- 2020/21-06 – Rent Collection and Arrears;
- 2021/22-04 – Continuous Assurance Visit One;
- Pre 20/21 – Legacy Follow Up Actions; and
- 2021/22-07 – Housing Compliance.

We followed up the 10 management actions still open on the 4Action Software, and the two remaining management actions from the action log handed over by the previous internal auditors marked as “not actioned”.

Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion the Council has demonstrated **reasonable progress** in implementing agreed management actions.

We confirmed that five actions were fully implemented, one action had been superseded as this had been covered in the Responsive Repairs Audit, and one action was not yet due and therefore this action did not feature in our opinion provided. Of the remaining five actions, four were deemed partially implemented, and one action had not yet been implemented.

Progress on actions

The following table includes details of the status of each management action:

| Implementation status by review | Number of actions agreed | Status of management actions | | | | |
|--|--------------------------|------------------------------|-------------------|---------------|----------------|-----------------|
| | | Impl. (1) | Impl. ongoing (2) | Not impl. (3) | Superseded (4) | Not Yet Due (5) |
| 2022/23-02 – Key Control Testing | 1 | 0 | 0 | 0 | 0 | 1 |
| 2022/23-10 – Cyber Security | 1 | 0 | 1 | 0 | 0 | 0 |
| 2020/21-02 – GDPR Post Implementation Review | 5 | 4 | 1 | 0 | 0 | 0 |
| 2020/21-12 – Housing Compliance Update | 1 | 0 | 0 | 1 | 0 | 0 |
| 2020/21-06 – Rent Collection and Arrears | 1 | 0 | 1 | 0 | 0 | 0 |
| 2021/22-04 – Continuous Assurance Visit One | 1 | 0 | 0 | 0 | 1 | 0 |
| Pre 20/21 – Legacy Follow Up Actions | 1 | 1 | 0 | 0 | 0 | 0 |
| 2021/22-07 – Housing Compliance | 1 | 0 | 1 | 0 | 0 | 0 |
| Total | 12 | 5 (42%) | 4 (34%) | 1 (8%) | 1 (8%) | 1 (8%) |

2. FINDINGS AND MANAGEMENT ACTIONS

| Status | Detail |
|--------|--|
| 1 | The entire action has been fully implemented. |
| 2 | The action has been partly though not yet fully implemented. |
| 3 | The action has not been implemented. |
| 4 | The action has been superseded and is no longer applicable. |
| 5 | The action is not yet due. |

Assignment: 2022/23-10 – Cyber Security

| | | | | |
|--|---|---|------------------------------|--------------------------------|
| Original management action / priority | <p>The IT service should develop a timeline for achieving Cyber Essentials certification.</p> <p>We would further advocate that the Council opts for the Cyber Essential Plus given the additional rigour this provides.</p> <p>Priority: Medium</p> | | | |
| Audit finding / status | <p>Discussions with the IT Manager advised the IT service completed a self-evaluation assessment in January 2024 to confirm how the Council can achieve the Cyber Essentials certification. Conversations with the IT Manager advised the service is still awaiting the possibility of achieving Cyber Essentials certification by receiving external funding, at which point a timeline can be created.</p> <p>2 - The action has been partly though not yet fully implemented.</p> | | | |
| Management Action 1 | The IT service should develop a timeline for achieving Cyber Essentials certification. | Responsible Owner: IT Manager | Date: 31 July 2024 | Priority: Low |

Assignment: 2020/21-02 – GDPR Post Implementation Review

Original management action / priority The Information Asset Register will be updated and reviewed to ensure a complete and comprehensive record is maintained of all data held by the Council. Once completed, a process will be implemented to ensure that this central record resulting from the data audit is accurate and remains up to date to ensure that the Council continues to hold a comprehensive, accurate and up to date record of all the personal data held. This should be undertaken via regular data audits to capture any changes.

Priority: **N/A**

Audit finding / status Through discussion with the Data and Information Governance Officer, we noted the Information Asset Register is updated and reviewed when changes are required. We also obtained the Information Asset Register last updated in February 2024.

Further discussions with the Data and Information Governance Officer advised a yearly review of the Information Asset Register will commence starting from April 2024 including regular data audits. This is required as some gaps were identified within the register such as cells with question marks, empty cells and job titles of staff members responsible recorded as CCTV and personal.

2 - The action has been partly though not yet fully implemented.

| | | | | |
|----------------------------|--|--|-------------------------------|-------------------------|
| Management Action 2 | The Information Asset Register will be reviewed and updated on a yearly basis. | Responsible Owner: Data and Information Governance Officer | Date: 30 April 2024 | Priority: N/A |
|----------------------------|--|--|-------------------------------|-------------------------|

Assignment: 2020/21-12 - Housing Compliance Update

Original management action / priority

- a) An up to date Housing Asset Management Strategy will be implemented, following completion of the stock condition survey.
- b) The frequency of the review of the Housing Asset Management Strategy will be agreed and reviewed accordingly including the addition of version control.
- c) Once a full review of the Asset Management Strategy has been completed appropriate consultation with tenants and leaseholders will be undertaken.
- d) The Housing Asset Management Strategy will be disseminated to all the relevant staff

Priority: **Medium**

Audit finding / status Through discussion with the Interim Head of Housing and Technical Services, we noted completion of the stock condition survey has not been completed leading to a delay of the implementation of the Housing Asset Management Strategy. Therefore this action is unable to be completed.

3 - The action has not been implemented.

Assignment: 2020/21-12 - Housing Compliance Update

| | | | | |
|----------------------------|---|---|---------------------------------|-----------------------------------|
| Management Action 3 | <p>a) An up to date Housing Asset Management Strategy will be Implemented, following completion of the stock condition survey.</p> <p>b) The frequency of the review of the Housing Asset Management Strategy will be agreed and reviewed accordingly including the addition of version control.</p> <p>c) Once a full review of the Asset Management Strategy has been completed appropriate consultation with tenants and leaseholders will be undertaken.</p> <p>d) The Housing Asset Management Strategy will be disseminated to all the relevant staff</p> | Responsible Owner: Interim Head of Housing (Technical Services) | Date: 31 October 2024 | Priority: Medium |
|----------------------------|---|---|---------------------------------|-----------------------------------|

Assignment: 2020/21-06 – Rent Collection and Arrears

| | | | | |
|--|---|---|------------------------------|-----------------------------------|
| Original management action / priority | <p>The South Kesteven District Council Fair Collection and Debt Recovery Policy will be reviewed and updated. Going forward the Fair Collection and Debt recovery Policy will be reviewed every three years as good practice or earlier in an event of a change occurring.</p> <p>Priority: Medium</p> | | | |
| Audit finding / status | <p>Discussions with the Head of Service advised the action has not been completed due to two key systems relating to debt recovery being changed over the coming months. The Council aim is to produce a council-wide Debt Recovery Policy no later than October 2024 with a view to approve for implementation from 1 April 2025.</p> <p>2 - The action has been partly though not yet fully implemented.</p> | | | |
| Management Action 4 | <p>The South Kesteven District Council Fair Collection and Debt Recovery Policy will be reviewed and updated. Going forward the Fair Collection and Debt recovery Policy will be reviewed every three years as good practice or earlier in an event of a change occurring.</p> | Responsible Owner: Head of Service (Revenues, Benefits, Customer and Community) | Date: 1 April 2025 | Priority: Medium |

Assignment: 2021/22-07 – Housing Compliance

Original management action / priority The Council will start delivering training against their newly devised training matrix.
Priority: **Medium**

Audit finding / status We were advised by the Interim Head of Housing and Technical Services and Housing Compliance Manager that the Compliance Team complete training, however, this is without a training matrix. We noted the Compliance Team complete training modules such as NEBOSH Degree in Occupational Health and Level 2 Asset and Building compliance awareness. However, we were advised the Council are looking to implement a service level training plan for each department which will be managed once a review of the previous training has commenced.

2 - The action has been partly though not yet fully implemented.

| Management Action 5 | The Council will start delivering training against their newly devised training matrix. | Responsible Owner: | Date: | Priority: |
|---------------------|---|--|-------------------|------------|
| | | Interim Head of Housing (Technical Services) | 30 September 2024 | Low |

EXECUTIVE SUMMARY – SECTION 106 AGREEMENTS

With the use of secure portals for the transfer of information, and through electronic communication means, 100 per cent of our audit has been conducted remotely. Remote working has meant that we have been able to complete our audit and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test to complete the work in line with the agreed scope.

Why we completed this audit

Section 106 Agreements are an aspect of the Town and Country Planning Act (1990) which aims to identify additional funds which are required to offset the effects of development. These additional funds will be agreed between the developer and the Council, and are used to fund specific developments to improve infrastructure and services otherwise affected by new developments. Due to the legally binding nature of these Section 106 Agreements, the Council must ensure that it has sufficient processes in place to monitor available funds, and ensure that they are only spent on projects which are aligned with the stipulations of the individual Section 106 Agreements.

We noted that the new Infrastructure Delivery Officer has undertaken a large piece of work to identify current funds held and identify potential opportunities for their use. As such, we reviewed the processes which have been developed by the new Infrastructure Development Officer, to confirm that the processes allow for appropriate monitoring of all Section 106 obligations, identifies funds held on the ledger and their purpose, and maintains a record of the movement of funds. We also confirmed what processes are in place to appropriately review applications for the use of funds, to ensure that they allow the Council to fully assess whether projects align with the requirements of Section 106 Agreements.

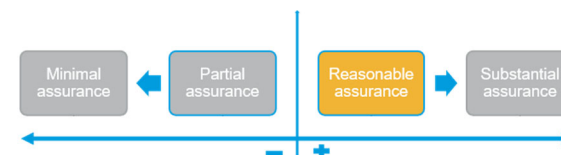
Finally, we reviewed how the Council identifies changes to funds based on Indexation (increases to amounts owed by developers) and Interest (increases to amounts held by the Council) and whether sufficient information is held to allow for monitoring of how this affects funds which may have to be repaid to developers.

Conclusion

Our testing identified that a robust set of processes have been implemented by the Infrastructure Delivery Officer, utilising interlinking spreadsheets to track funds received from developers and sent out to various third parties or Council department budgets. We noted that the Council had not yet implemented an agreed approach to managing accrued interest on Section 106 funds held on the ledger, and as such we have agreed one medium priority action to address this finding. We have also agreed two low priority actions with management, which can be found in Section two of this report.

Internal audit opinion:

Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area.



Key findings

We identified the following findings:



The Infrastructure Delivery Officer has documented a suite of processes for managing the monitoring and movement of Section 106 funds. This ensures business continuity in the event of staff unavailability as well as ensuring consistent documentation is used. Various letter templates are attached as appendices to this document for contacting developers and requesting funds.



Three inter linked tracking spreadsheets are used to track overall agreements, invoicing and funds received from developers, and payments made to recipients of funding. We noted that all five balances tested matched across from the tracking spreadsheets through to the ledger balance. This provides assurance that the Council is aware of its current Section 106 obligations.



The process notes for the Infrastructure Delivery Officer clearly identify their role and responsibilities and how they are expected to work with other departments within the Council. We also noted that regular contact is made with these departments, and with third parties, to keep active communications in place regarding upcoming Section 106 Agreements allowing for timely identification of projects for use of funds.



We noted that the Council has developed, but not yet implemented, a new application form for Section 106 funds. We noted that this form ensures sufficient information is obtained to allow for the Council to make an informed decision on a project by project basis regarding if they are financially feasible and align with the relevant Section 106 agreements.



While the Infrastructure Delivery Officer informed us that they had not yet returned any funds to developers, the Council has a clear process for returning funds owed. We also noted that the tracking spreadsheets allow for identification of funds which are due to be returned to developers.

We identified the following control weakness resulting in the agreement of one medium priority management action:



Whilst we have identified that indexation had been applied correctly in the four instances tested, and clear evidence to support these calculations was obtained, we noted that there is not currently a process in place for monitoring interest accrued over time. This creates risk that the Council does not have sufficient information to identify all monies owed to developers, as funds must be returned with interest accrued. As such the Council may risk breaching the terms of its Section 106 Agreements or having to identify additional funds to pay back to developers. **Medium**

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

| Area: Section 106 Agreements | | | | |
|--------------------------------|---|---------------------------------|--------------|------------------|
| Control | The Council has a tracker which records Section 106 details and retains signed documentation for each Section 106 Agreement. | Assessment: | | |
| | | Design | ✓ | |
| | | Compliance | × | |
| Findings / Implications | <p>Review of the Section 106 tracking spreadsheet confirmed that it contained 299 Section 106 Agreements, which also included old agreements which have been previously marked as complete. We have based our sample size on 35 Section 106 Agreements which have been reviewed since the Infrastructure Delivery Officer (IDO). However, it is important that the Council recognises that there are a number of current Section 106 Agreements which have not yet been re-reviewed under the new processes and added to the various tracker documents. As such, this presents risk that, until all current agreements have been reviewed and added to the tracker, the Council is at risk of being unable to identify funds which may be held due to previous Section 106 Agreements which it may at some point be required to repay to developers if not used.</p> <p>We sample tested five Section 106 Agreements from the 35 currently reviewed, to confirm that the data held on file matched to the tracking spreadsheet and that the Section 106 Agreement was in place and signed. We confirmed that all five had full Section 106 Agreements available, with signatures removed for data protection. The trackers held matching information relating to the chosen clause for each of these five agreements.</p> | | | |
| Management Action 1 | Support from other areas of the Council will be provided to support the Infrastructure Delivery Officer in addressing the Section 106 Agreement backlog and identifying all monies held. | Responsible Owner: | Date: | Priority: |
| | | Infrastructure Delivery Officer | 30 June 2024 | Low |

| Area: Section 106 Agreements | | | | |
|------------------------------|--|--------------------|---|--|
| Control | The Council has process notes in place which provides guidance on key contacts who are responsible to ensure issues are dealt with in a timely manner. | Assessment: | | |
| | | Design | ✓ | |
| | | Compliance | × | |

Area: Section 106 Agreements

| | | | | |
|--------------------------------|--|--|------------------------------|--------------------------------|
| Findings / Implications | <p>Through review of the Infrastructure Delivery Officer process notes, we identified the following key processes which highlight addressing issues surrounding the Section 106 process:</p> <ul style="list-style-type: none"> • Unspent Contributions - Identify unspent monies which are due for return, agree the repayment with interest accrued and pay back to the developer. All of this responsibility is applied to the Infrastructure Delivery Officer for this process. This includes identification of unspent contributions, which is driven by the accuracy of the tracking spreadsheet. • Legal Process Management - This is a general approach to dealing with any unpaid monies from developers. In these instances, the Infrastructure Delivery Officer is told to contact their Line Manager, providing more seniority. A legal letter is provided in the appendix of the process, and once Legal Services Lincolnshire (LSL) has sent this letter, accountability is handed to LSL as the Council's legal representative. • Enforcement - This highlights the role of the the Infrastructure Delivery Officer, and how they are involved in managing instances where the Council receives complaints in Section 106 Agreements not being complied with. Where the developer still fails to initially rectify matters, the case is escalated with the Enforcement Team and the Development, Management and Enforcement Manager. Once escalated, the Enforcement Team and the Infrastructure Delivery Officer would jointly pursue enforcement • Dealing with queries - Queries are recorded on the Section 106 tracker spreadsheet. The process guidance note that the Infrastructure Delivery Officer should direct queries to the website, as the Section 106 Agreements are all publicly available. <p>While there is clear guidance as to who is responsible for dealing with various instances where the Section 106 process is not fully adhered to, there are not clear guidelines on how the approach to rectifying these should be controlled with regards to timeliness. As such, there is a risk that developers may not pay for extended periods and that inconsistency may also lead to damaging relationships, i.e. if queries are not addressed in a timely manner.</p> | | | |
| Management Action 2 | The Council will document timeframes for addressing key elements of the Section 106 process such as responding to queries and escalating owed monies through to legal and enforcement teams. | Responsible Owner: Infrastructure Delivery Officer | Date: 30 June 2024 | Priority: Low |

Area: Section 106 Agreements

| | | | |
|----------------|--|--|---------------------|
| Control | The Council utilises information held within its tracking spreadsheets to enable calculations of indexing for developer payments. There is not currently a process in place for monitoring and recording accrued interest. | | Assessment: |
| | | | Design ✓ |
| | | | Compliance × |

Area: Section 106 Agreements

Findings / Implications

Indexation

We reviewed a sample of five current Section 106 Agreements, to confirm that indexation had been applied in line with the terms documented in the agreement and that the calculation was available to support the funds requested. We confirmed the following:

- Three calculations had been completed in line with the indexation per the agreement, had been calculated based on the gap between the agreement and the request of funds (supported by screenshots of the request to confirm dates) and the indexation was correctly applied to the initial amount per the contract. In all instances the amount requested correlated to the indexation calculation.
- In one instance, the indexation was not applied, as this was an inherited Section 106 Agreement so the funds were already on the ledger when the Infrastructure Delivery Officer started their new role.
- In the final instance, the Section 106 Agreement related to a newer development, and as such the only funds requested had been the monitoring funds (which did not have indexation applied as they were provided upon signing the agreement).

The tracking spreadsheet retains evidence of the calculation and how it has been applied to all funding pots, allowing for a clear trail of how the Council has applied indexation.

Interest

We noted that there is not a consistent clause within most Section 106 Agreements which highlights the exact application of interest accrued on monies held on the ledger, and as such, the Council has not been applying interest to Section 106 monies held on the ledger. Section 106 Agreements refer to placing monies in an interest bearing account and repaying this to the developer alongside the original funds, if unspent at the expiry date of the Section 106 Agreement. We noted that the Council does not yet have the processes in place to track interest being accrued. The Council must agree an approach to the use of interest which is accrued (i.e. will this be paid to recipients, regardless of the wording of the section 106 agreement) and will also develop a method to calculate interest accrued over time, and alter the balance accordingly to keep track of these changes to funds. Without being able to track accrued interest over time, the Council is at risk of not fully having accounted for the funds owed to developers for repayment, which may lead to the Council not having funds available to make the required repayments.

Management Action 3

The Council will develop an agreed approach to managing accrued interest, will document this approach, and will also develop a standardised approach to calculating and monitoring accrued interest over time.

Responsible Owner:

Infrastructure Delivery Officer

Date:

30 June 2024

Priority:

Medium