INTERNAL AUDIT PROGRESS REPORT

Brentwood Borough Council

2023/2024

IDEAS | PEOPLE | TRUST

BDO

CONTENTS

SUMMARY OF 2022/2023 AND 2023/20244 WORK

INTERNAL AUDIT

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2022/2023 and 2023/2024 internal audit plans. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.
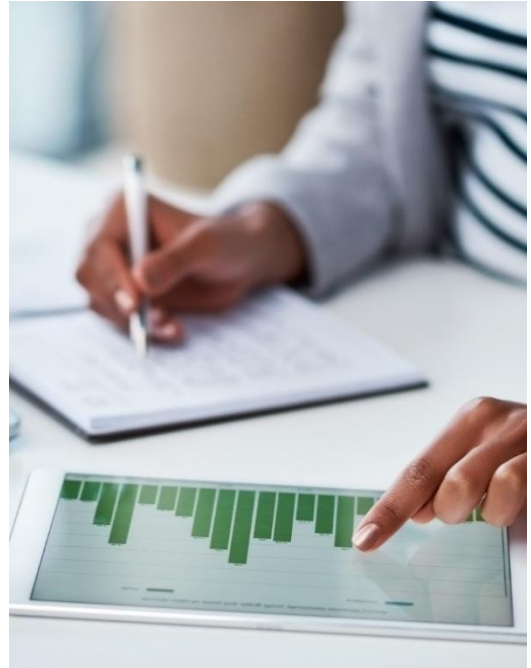
INTERNAL AUDIT METHODOLOGY

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

2023/20243 INTERNAL AUDIT PLAN

We have completed one audit from the 2022/23 audit, which was in draft at the time of the July 2023 Audit and Scrutiny Committee meeting:

▶ Partnership with Rochford District Council.

2023/20244 INTERNAL AUDIT PLAN

We have completed two audits from the 2023/24 audit plan and present the final reports to the Audit and Scrutiny Committee:

▶ Car Parking

▶ Tree Management.

Fieldwork is progressing in respect of the following audit:

▶ Waste Management Services

Fieldwork is also starting in the next two weeks for these upcoming audits:

▶ Communications and Information Sharing

▶ Risk Management

The remaining audits are being planned and we anticipate presenting these reports at future Audit and Scrutiny Committee meetings.

CHANGES TO THE 2023/20244 INTERNAL AUDIT PLAN

We agreed changes to the timings of the audits below:

▶ Data Protection – moved from the 2022/23 plan to Q3 of the 2023/24 plan

▶ Communications and Information Sharing – moved from Q2 to Q3

▶ Workforce Strategy – moved from Q2 to Q3.

REVIEW OF 2023/20244 WORK

AUDIT	EXEC LEAD	A&SC	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVE-NESS
Car Parking	Director of Assets & Investments	Sept 2023			✓	M	M
Tree Management	Director of Environment	Sept 2023			✓	L	L
Waste Management Services	Director of Environment	Nov 2023		✓			
Risk Management	Interim Director of Resources	Nov 2023	✓				
Communications and Information Sharing	Director of Policy & Delivery	Nov 2023	✓				
Workforce Strategy	Joint Acting Director of People & Governance	Jan 2024	✓				
Estates Management	Director of Assets & Investments	Jan 2024	✓				
Data Protection (c/fwd from 2022/23)	Director of Customer & Data Insight	Jan 2024	✓				
Assets Management	Director of Assets & Investments	Jan 2024	✓				
Disaster Recovery and Business Continuity	Interim Director of Resources	Jan 2024	✓				
One Team reviews	Director of Policy & Delivery	Mar 2024	✓				
Main Financial Systems	Interim Director of Resources	Mar 2024	✓				
Financial Planning and Monitoring	Interim Director of Resources	Mar 2024	✓				
Partnership with Rochford District Council	Director of Policy & Delivery	Mar 2024	✓				

PARTNERSHIP WITH ROCHFORD DISTRICT COUNCIL AUDIT

CRR REFERENCE: RISK 12 – CONTRACT / PARTNERSHIP FAILURE

Design Opinion	**M** Moderate	Design Effectiveness	**S** Substantial

Recommendations	**0**	**2**	**2**

SCOPE

BACKGROUND

▶ Section 113 Local Government Act 1972 allows local authorities to enter into arrangements with other authorities to share resources in order to fulfil certain functions. Under this legislation, Brentwood Borough Council ('the Council') and Rochford District Council have entered into an agreement to work in partnership to deliver services to residents. As part of this, each Council has invested £300,000 to implement the partnership arrangement and any future savings will be split between the two Councils, subject to discussion/agreement.

▶ The ambition of the two Councils is to create *One Team, One Culture and One Partnership*. To drive this ambition, a One Team Transformation Programme was introduced, led by the Joint Chief Executive, with one of the joint Strategic Directors being the Senior Responsible Owner (SRO) and management by the joint Director for Policy and Delivery.

▶ The Transformation Programme is expected to deliver a series of projects over approximately two and a half years, from February 2022 to September 2024. However, decision-making and governance remains in line with each Council's own Constitution, allowing each to retain responsibility for ensuring that any shared initiatives benefit their local populations.

▶ Upon delivery of the Transformation Programme, it is intended that annual savings of between £600,000 and £850,000 will be achieved in total between the two Councils, with effect from 2024/25. Furthermore, non-financial benefits of the partnership arrangement have been defined by the Councils, including:

- Improved retention and development of staff

- Efficiencies and economies of scale in service delivery and procurement

- A stronger and more influential regional voice.

▶ It is generally recognised that shared services and partnership working can deliver a range of value for money benefits for each party. There are numerous examples of successful shared services and partnership arrangements in the public sector, specifically amongst local authorities, and we have drawn on our experience of auditing partnership arrangements elsewhere when carrying out our work.

PURPOSE OF AUDIT

▶ The purpose of the audit was to review of the governance arrangements for the new strategic partnership with Rochford District Council, the effectiveness of transitional processes and the management of any emerging risks.

AREAS REVIEWED

The following areas were covered as part of this review:

▶ Reviewed the Section 113 agreement between the Councils and the transformation business cases for individual services, to assess whether the viability and feasibility of the partnership arrangement has been adequately documented, scrutinised and agreed, including whether objectives, risks, investments, operating costs, benefits and outcomes have been defined.

▶ Determined whether robust governance and management structures are set up for the partnership transitional arrangements, with clear definition of roles, responsibilities and accountabilities.

▶ Assessed whether risk management processes have been implemented for the transformation programme and partnership working, and that key risks are being identified, analysed and mitigated in line with the Council's risk appetite.

> ▶ Reviewed the minutes/papers of the meetings of the Transformation Programme Board and the Project Team, to determine whether there is adequate monitoring of the programme progress, whether actions are being taken to address emerging issues and whether there are sufficient contingency arrangements in place.
>
> ▶ For the joint working arrangements already in place, determined whether there is adequate monitoring of the effectiveness of those arrangements against agreed service standards or KPIs.
>
> ▶ Determined whether clear policies and agreements are in place to safeguard information assets, data security and IT systems as part of the partnership arrangement and during the transformation programme.
>
> ▶ Assessed whether there is ongoing and effective communication between the Councils and with staff regarding the transformation programme.

AREAS OF STRENGTH

We identified the following good practice:

▶ The Section 113 agreement was approved by the Council's Policy, Resources and Economic Development (PRED) Committee in July 2022, after scrutiny by the Audit and Risk Committee. It was compiled after engagement with external consultants and by commissioned legal expertise and was signed by the Monitoring Officers at both Councils. It includes a Memorandum of Understanding signed by the Leaders of the respective Councils. The agreement includes all expected requirements in terms of objectives, risks, investments, operating costs, benefits and outcomes.

▶ The agreement is underpinned by One Team Transformation Programme Delivery Methodology, which clearly defines the governance structure and arrangements in place.

▶ The programme is owned by a Transformation Programme Board, which consists of the Leaders of both Councils, the Joint Chief Executive Officer and the Joint Programme Director (Senior responsible Officer for the Programme), together with such attending officers as required. The Terms of Reference for the Board defines its roles and responsibilities. The Board was initially due to meet quarterly, however this was changed to monthly from November 2022.

▶ The Programme Board receives progress reports from the One Team Transformation Project Team and agrees when individual project activity is ready to take forward to formal decisions through existing corporate governance processes.

▶ The Terms of Reference for the Project Team clearly sets out its roles and responsibilities. The team meets on a monthly basis and reports into the Programme Board.

▶ The One Team Transformation Programme has a risk register, which is reviewed and discussed at the Project Team meetings and shared with the One Team Programme Board by way of exception reporting. The risk register is in line with the Council's documented Risk Management Strategy and risks include risk owners and mitigating controls.

▶ Progress on the Service Review Phasing Plan and risk updates are presented to PRED on a quarterly basis.

▶ There has been comprehensive and regular communication and engagement with staff regarding the One Team Transformation programme, which appears to have been well received. This has included:

- An in-person joint workshop of the joint leadership team and managers from both authorities, to develop relationships and identify future ways of working
- One Team Information drop-in sessions with the Director of Policy and Delivery, two of which were face to-face meetings and a third online session was held, with over 200 staff participating or in attendance
- Regular monthly all-staff messages from the joint Chief Executive Officer and Directors
- Quarterly staff briefings
- Leadership Group workshop
- Housing Group workshop.

AREAS OF CONCERN

Our work highlighted the following areas of concern:

▶ Whilst the service review business cases include details on expected benefits and savings from the joint service, there are no clearly documented key performance indicators (KPIs) in place to measure the impact and effectiveness of the new joint services that are currently being implemented **(Finding 1 - Medium)**

▶ The Council has recently completed work on the data sharing process. Service reviews now go through a two stage process that requires the completion of an initial questionnaire which determines whether a full data sharing agreement is required. This has indicated that data sharing agreements are required for Human Resources, Risk & Insurance and Emergency Planning & Business Continuity, and Procurement. However, these still need to be developed before the joint services are fully implemented. We are informed that the data sharing requirement will now be built into the process. **(Finding 2 - Medium).**

▶ The service review business cases completed during 2022/23 did not follow a consistent format and the Communications service business case did not include a record of officer sign off before being presented to the One Team Transformation Project Team and Programme Board **(Finding 3 - Low).**

▶ The current One Team Transformation Programme Delivery Methodology requires that quarterly reports are presented to the Council's PRED Committee and the Overview and Scrutiny Committee (called an Audit and Scrutiny Committee in Brentwood). However, to date quarterly reporting has only been done to PRED. Discussion with officers has confirmed that there is no need for it to be reported at two member committees and the methodology policy should be updated **(Finding 4 – Low).**

CONCLUSION

▶ The One Team Transformation Programme is supported by a sound Section 113 agreement, Programme Delivery Methodology, Service Review Phasing Plan, a Programme Board and a Project Team. In addition, there has been comprehensive and regular communication and engagement with staff regarding the programme.

▶ These governance arrangements are operating effectively, reasonable progress is being made with service reviews and the programme risks are being monitored and managed.

▶ There is, however, scope to improve governance arrangements by developing KPIs to measure the impact and effectiveness of the joint services that are currently being implemented, and by implementing data sharing agreements between the Councils for particular joint services. We have raised two medium priority recommendations on these issues and a further two low priority recommendations.

▶ Consequently, we provide moderate assurance on the design of controls and substantial assurance on the operating effectiveness of the controls that are in place.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
1. Joint service key performance indicators a) The One Team formation Project Team should include a KPIs section within the service review business case template, to ensure that there is clarity around how the joint service will be measured once it is implemented and the target levels of performance. b) SMART KPIs should be developed for the joint services that have been approved by the One Team Transformation Programme Board (Human Resources, Communications, and Risk & Insurance and Emergency Planning & Business Continuity), and a process implemented to regularly monitor these as the joint services become embedded. These should cover both financial and operational performance and feed into the Council's overall performance monitoring processes.	Medium	a) We agree that there should be a set of key indicators for measuring the performance of the joint services, to enable comparison to the previous services. We will ensure that this is added to the service review business case template. b) We will develop SMART KPIs for the new joint services and ensure that these form part of the Council's overall performance monitoring framework.	Director Policy and Delivery 30 September 2023

2.	**Data sharing agreements** Management should ensure that data sharing agreements are put in place, where required, for the joint services that are currently being implemented, in particular Human Resources, Risk & Insurance and Emergency Planning & Business Continuity, and Procurement.	Medium	The requirement for data sharing agreements is now being covered as part of the service review business planning process. Therefore, those in Phase Two of the reviews will complete the identification for the need of an agreement as part of the Business Case. We will ensure that data sharing agreements are implemented for the following Phase 1 reviews: Human Resources, Risk & Insurance and Emergency Planning & Business Continuity, and Procurement.	Greg Campbell, Director Policy and Delivery 30 September 2023
3.	**Service review business case template** The One Team Transformation Project Team should ensure that the new service review business case template includes a section for sign off by officers before it is approved by the One Team Transformation Programme Board.	Low	This will be added to the business case template that is being used for Phase 2 service	Director Policy and Delivery 31 July 2023
4.	**Reporting to members** Officers should update the One Team Transformation Programme Delivery Methodology to reflect the new requirements for reporting progress to members on the One Team Transformation Programme. In particular, to remove the requirement for quarterly reports to be presented to the Audit and Scrutiny Committee at Brentwood, and to refer to the new Finance, Assets, Investments and Recovery Committee rather than PRED. The updated Methodology should be agreed with the Leaders of the two Councils.	Low	We will update the One Team Transformation Programme Delivery Methodology and share the updates with the Leaders for approval.	Director Policy and Delivery 30 September 2023

CAR PARKING AUDIT

Design Opinion	**M** Moderate	Design Effectiveness	**M** Moderate

Recommendations	**0** **4** **2**

SCOPE

BACKGROUND

▶ The Council deals with all off-street parking, including issuing permits / season tickets and enforcement. The Council has around 2400 car parking spaces, across 25 borough car parks and 286 season ticket holders

▶ All on-street new and renewal residents and visitor parking permits, the processing of penalty charge notices (PCNs) / recovery of fines and all associated enquiries and administration are delivered by Chelmsford City Council, as part of the South Essex Parking Partnership, and will not form part of this review.

▶ The Council has a Parking Strategy 2022-2032 which sets out the direction of travel for the town centre areas of Brentwood, Shenfield & Ingatestone.

▶ The Strategy seeks to support the local economy through the provision of parking that is affordable and suitable, encourage the right parking behaviours and support the Council's environmental direction towards carbon neutrality by 2040.

▶ For 2023/24 the Council aims to:

1. Improve payment methods including card payments and the "pay by phone" system.
2. Improve directional signage to car parks.
3. Continue roll out of electric vehicle (EV) charging in car parks.
4. Implement a local workers payment scheme.
5. Recommend bespoke charges.

▶ Parking income per annum is around £1.4m. Payment for parking is done either by cash or "pay by phone". Cash is collected twice a week by enforcement officers and once processed is banked by G4S.

PURPOSE OF THE AUDIT

▶ The purpose of the audit was to review the Council's arrangements for the administration, collection and recording of car parking income.

AREAS REVIEWED

The following areas were covered as part of this review:

▶ We reviewed the car parking strategy and established whether it is regularly reviewed, clearly defines roles and responsibilities, and is supported by action plans.

▶ We checked whether new parking charges are annually reviewed and approved.

▶ Through sample testing, we verified whether the approved charges for 2023/24 have been correctly applied across the Council's car parks and for parking permits / season tickets issued.

▶ We selected a sample of parking permits to assess whether appropriate validation checks were completed prior to issuing the permits.

▶ We completed a walkthrough of the processes for identifying parking offenders, to understand if they are adequately designed to identify offenders within a timely manner.

▶ We selected a sample of PCNs to determine if the payments received were accurate.

▶ We reviewed a sample of reconciliations between payments received by the Council (cash receipts, pay by phone receipts and banking receipts) and amounts banked, and ascertained whether there is adequate segregation of duties in this process.

▶ We verified whether cash is banked by G4S in a timely manner and in line with the contract.

▶ We determined that regular management reports on car parking services are not presented to senior management therefore we could not review a sample of the three most recent reports. However, we reviewed the latest annual report and assessed the detail included.

AREAS OF STRENGTH

We identified the following good practice:

▶ The Council has a Parking Strategy in place for 2022-2032, which links the parking service's aims to the Council's strategic vision. The strategy also contains supporting actions for the current and upcoming financial years. A requirement for annual review to maintain the relevance of the strategy is included, but as the strategy was first approved in October 2022, no annual review has yet been required.

▶ Due to current economic pressures and the rising cost of living, the Council completed a detailed review of current parking prices and corresponding car park utilisation. The Policy, Resources and Economic Development Committee subsequently approved uplifted fees for the Council's car parks in November 2022, which came into effect in April 2023. Multistorey car parks, which are typically underutilised in the Borough, were considered not subject to the price lift, to encourage increased usage and income generation.

▶ We sought to verify that the increased 2023-24 parking fees and charges had been accurately applied. We selected a sample of two car parks (Town Hall Zone A and Chatham Way) and confirmed through inspection that the approved prices matched the prices advertised on the Council's website, the signage in each car park, and the prices set in each car park payment machine.

▶ We confirmed that the two residents' permit-holder car parks for which the Council is responsible (Gibraltar House and Mayflower House) have a fixed annual fee of £34, which was not increased for 2023-24 due to their more rural locations. We confirmed, through a sample of six permit holders, that the correct and full amount was paid for each vehicle.

▶ We completed a walkthrough of the process to identify parking offenders and confirmed that inspections are completed daily, Monday to Saturday, to ensure adequate coverage of the Council's car parks. Handheld devices are used to scan number plates, which automatically upload data to the Council's parking management system, *Chipside*. Photographic evidence is taken to support all issued PCNs, to mitigate against potential disputes. The current process ensures that offenders are identified in a timely manner and that comprehensive supporting evidence is obtained.

AREAS OF CONCERN

Our work highlighted the following areas of concern:

▶ The Council does not have any up-to-date standard operating procedures (SOPs) to support the implementation of the Parking Strategy and to document the parking management processes followed. There is therefore no specific documentation in place to confirm individual roles and responsibilities. *(Finding 1 – Medium)*

▶ We selected a sample of 10 season tickets and sought to confirm that the prices charged reconciled to the agreed 2023-24 fees and charges. We identified two minor typographical errors, whereby the amount recorded in *Chipside* was incorrect. We subsequently confirmed that the amount paid by the customer, per the payment authorisation evidence, reconciled to the 2023-24 charges. We also ascertained that the Council aims to offer flexibility to support local businesses. However, in one instance, there was no supporting evidence to confirm management approval of an eight-month (non-standard) season ticket. *(Finding 2 – Medium)*

▶ We also reviewed a sample of 15 PCNs issued since April 2022. We identified two cases whereby the PCN fine was ultimately written off due to lack of payment. However, the write off process and approval requirements were not documented. Further, we found one case whereby a payment was backdated allowing the offender to receive a 50% discount, despite their fine being paid after the 14-day eligibility period. The reasons for the backdating and any related approval were not recorded in *Chipside*. *(Finding 3 – Medium)*

▶ The November 2022 parking fees and charges review was the first instance of an annual pricing assessment. Whilst the Council intends to complete annual price reviews going forwards, there is no schedule or plan in place to ensure that they will occur. Further, there are no other management reports prepared or presented, to monitor factors such as car park utilisation, at a more regular frequency. *(Finding 4 – Medium)*

▶ To validate resident permit requests, the Council requires two forms of proof of address (POA). If resident permits are renewed and roll over to the next year, the Council does not re-review any POA documentation. We selected a sample of six permits, of which four were for residents and two were for businesses. None of the four resident permits had any evidence in *Chipside* to verify that POA had been sought. We acknowledge that two of these permits were historic (rolled over), however the evidence of original POA checks was not included, nor were any notes added. *(Finding 5 – Low)*

We completed a walkthrough of the cash reconciliation process completed by the Council, to confirm that the amount of cash recorded by the parking payment machine agrees to the amount of cash returned to the office. However, we found that there is no requirement to document the reconciling officers' names on the spreadsheet, to verify segregation of duties. Further, when reviewed the three most recent reconciliations dated 8 August, 11 August, and 15 August 2023, we found that in one instance (8 August 2023), a difference of £5.20 between the machine total and the cash count total triggered an alert (due to the difference being over £5). However, no notes were recorded to confirm that this had been investigated. *(Finding 6 – Low)*

CONCLUSION

▶ The Parking team have some well-designed and effective controls to ensure parking prices are reviewed and applied correctly across its car parks. An appropriate and approved strategy is also in place, supported by planned actions for the upcoming year.

▶ There are some areas which could be improved, to address the absence of documented procedures for the service and supporting evidence uploaded to the Chipside system to confirm actions taken.

▶ We have therefore concluded a moderate assurance for both the design of the control framework and effectiveness of the controls that are in place.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
1. Absence of documented policies and procedures The Council should create a set of standard operating procedures (SOPs) or 'how to' guides to document the key processes in place, including: • The cash reconciliation procedure and required segregation of duties. This should include an agreed materiality threshold, whereby cash differences over the threshold must be investigated and reasons documented. • An agreed write off process for PCNs, including requirements for approval • The requirement to add evidence to support backdated PCN payments. • The process to validate received permit requests requiring proof of address to be uploaded/noted in Chipside. • The process to review parking prices and utilisation annually. • The process to input case notes to Chipside when exceptions are made for PCN fines, including a requirement for approval by the Parking Manager. • The required approval process for flexibly agreed parking permits. Each procedure should include a version control history and schedule of review to ensure that it is kept up-to-date and relevant.	Medium	Agreed. SOP to be created that will include: • Cash reconciliation - we have a comment box that will be completed with the officer's name who collected and counted the cash, the imputing officer will also sign their name. • Write off process will be administered by the officer after 6 months, anything prior to the 6 months will be processed by manager. • Evidence to be added to all cases and for backdated payments copy and paste the email to the case. • Permits requiring evidence to be added to the case on Chipside a V5 and valid insurance documents. • Review the parking prices each financial year. • Input case notes emails to Chipside for any exceptions to PCNs or other required approval by the parking manager.	Parking Manager 31 March 2024

2.	**Lack of evidence documented in Chipside** 2.1 The Council should correct the typographical errors in *Chipside* to ensure it accurately reflects the payment received. 2.2 The Council should implement a quality control process, whereby a sample of fees recorded in *Chipside* are checked on a regular basis to verify accuracy. 2.3 Obtained approvals for flexible prices should be evidenced in the *Chipside* notes to ensure a full evidence trail is maintained. This process should also be documented in a procedure note *(please see recommendation 1.1).*	Medium	2.1 We have started to amend all errors on Chipside including payments. 2.2 We can only do this for permits and PCN's paid once all the processes have been rectified for a complete financial year. 2.3 All evidence to be added to cases to ensure transparency.	Parking Manager 31 March 2024
3.	**Unclear process for PCN write offs and exceptions** The PCN process should be clarified and updated such that when an exceptional circumstance is identified, e.g. a late but successful appeal is made and a PCN payment backdated, staff are required to copy and paste in relevant email correspondence, and/or add a case note explaining why. Please see recommendation 1.1, which recommends documenting: • An agreed write off process for PCNs, including requirements for approval. • The requirement to add evidence to support backdated PCN payments.	Medium	Agreed to be implemented.	Parking Manager 31 March 2024
4.	**Absence of regular management reporting** 4.1 The Council should establish a schedule for the annual review of fees and charges, e.g. through calendar reminders, or documenting the requirement in a procedure note along with the considerations and preparations needed ahead of each uplift. 4.2 The Council should establish the appetite of senior management as to whether more frequent management reporting would be of benefit. 4.3 The Council should also consider monitoring car park utilisation by collecting data over time. This data could then be presented to senior management to demonstrate the effects of the parking strategy implementation.	Medium	4.1 Agreed, we will review at the end of the financial year moving forward. 4.2 Agreed, to be discussed with director. 4.3 Agreed, to be implemented once the new payment system is installed at the MSCP.	Parking Manager 31 March 2024
5.	**Absence of evidence for resident permit validation checks** 5.1 For historic permits, where there is no evidence of POA on the system, the Council should request POA to support the permit renewals.	Low	5.1 Agreed we are in the process of contacting all residents to inform them that a valid insurance document is required when applying and reapplying for a permit.	Parking Manager 31 March 2024

	5.2 The Council should ensure that POA received is recorded in the Chipside system. 5.3 To facilitate implementation, the Council should create an action plan for the planned changes to the system. Timescales should be added against these actions to ensure timely implementation. Please see recommendation 1.1, which recommends documenting: The process to validate received permit requests requiring proof of address to be uploaded/noted in Chipside.		5.2 Agreed as previously mentioned we will record all evidence onto Chipside. 5.3 Agreed we are in the process of rectifying all errors and creating a schedule.	
6.	**Incomplete cash reconciliation notes** 6.1 The Council should establish a requirement for reconciling officer names to be documented in each section of the reconciliation sheet, to confirm segregation of duties. 6.2 The Council should clarify and document the process to investigate discrepancies, where they arise between the machine total and the cash count total. A materiality threshold should be established, over which differences must be investigated, and the identified reason noted. Please see recommendation 1.1, which recommends documenting: The cash reconciliation procedure and required segregation of duties. This should include an agreed materiality threshold, whereby cash differences over the threshold must be investigated and reasons documented.	Low	6.1 Agreed as previously mentioned we will now add our names to the comment box. 6.2 Agreed we will have a process to investigate any discrepancies over £10.	Parking Manager 31 March 2024

TREE MANAGEMENT

Design Opinion	**L**	Limited		Design Effectiveness	**L**	Limited

Recommendations	**4**	**3**	**0**

SCOPE

BACKGROUND

▶ Under both civil and criminal law, the owner of land on which a tree stands has responsibilities for the health and safety of those on or near the land and has potential liabilities arising from the falling of a tree or branch.

▶ The Council has a standard of inspection however caselaw suggests a balance between the risk posed by trees in general terms, the amenity value of trees and the cost of different types of inspection and remedial measures becomes relevant. Therefore, any inspection should be proportional to the size of the resources available to the landowner.

▶ Most Council owned trees are in open spaces and include woodland. The council is responsible for 280 hectares of woodland country parks and urban greens. This does not include Thornden and Wealden country parks, which are managed by Essex County Council. In addition, the Council is responsible for trees that fall within its Housing Revenue Account.

▶ Complaints and requests relating to trees are assessed against a "council priority for works" and any remedial works are considered on a risk/benefit basis.

PURPOSE

▶ The purpose of the audit was to review the Council's progress in managing the risks associated with unmaintained woodland and non-woodland trees.

AREAS REVIEWED

▶ We reviewed the current strategy to verify whether this was in date, approved and supported by clear delivery targets/KPIs.

▶ We ascertained whether the strategy clearly defines roles and responsibilities and whether these are understood by officers.

▶ We reviewed the governance arrangements in place to ensure effective monitoring and oversight of tree management.

▶ We ascertained whether actions have been taken and plans are in place to identify the tree population the Council is responsible for and confirmed whether areas of greatest risk have been identified in a risk register.

▶ We ascertained whether actions are in place to mitigate trees with the highest risk to the public and whether regular proactive inspections are completed.

▶ We determined that no proactive inspections are completed therefore we could not review a sample of completed inspections to confirm the inspection and any remedial work was carried out in line with the Council's procedures.

▶ We completed a walkthrough of the computer management system to ascertain whether it effectively captures data regarding tree stock surveys and inspections.

▶ We selected a sample of complaints/concerns raised by the public in relation to trees and sought to verify whether these were prioritised as per the strategy and have been responded to in an appropriate timescale.

AREAS OF CONCERN

Our work highlighted the following areas of concern:

▸ The Council's current Tree and Woodlands Strategy is not supported by sufficient resources, preventing effective delivery. Furthermore, the strategy does not include enough detail to adequately outline and direct implementation of the aims of the Tree Management process. For example, roles and responsibilities are not defined, delivery targets and KPIs are not set. Resultantly, the strategy does not provide adequate governance to support desired Tree Management processes. Further, the strategy was created in March 2022, with a requirement for annual review. However, no subsequent review has since been completed. *(Finding 1 – High)*

▸ The Council uses National Tree Map data to estimate the number of trees in the Borough. However, the Council do not have an accurate record or understanding of the age, type and condition of the trees it is responsible for. This underlying issue is preventing an adequate, risk-based inspections framework from being established. *(Finding 2 – High)*

▸ The Council do not complete any proactive inspections of trees in the Borough, instead relying on a purely reactive method of responding to complaints raised by the public. Resultantly, no risk assessments have been completed to identify high risk zones or specific high-risk trees. High risk areas are therefore not identified, targeted, and inspected proactively, leaving the Council open to the risk of tree management failure. *(Finding 3 – High)*

▸ There are limited procedures in place to guide the Council's responses to issues raised by the public. The Council have a prioritisation of works document, which requires a priority between one (imminent threat to life) and five (social comfort/benefit) to be allocated against public reports. However, the guidance does not include any further details in terms of timescales required for priority-based response. We selected a sample of 15 complaints and enquiries raised by the public since June 2022, and identified the following concerns:

  • 14 of the 15 reports had not been allocated a priority using the prioritisation of works scale.

  • Nine of the 15 reports had been open in the system for between six and 14 months, with no actions noted in the system to evidence an inspection or response had been completed.

  • Two of the 15 reports had been closed incorrectly. The complaints were marked as closed when they were allocated to an officer, rather than being allocated as an open case. This meant no action has been taken on these cases.

  Furthermore, there is no guidance in place to clarify the process and required response time when an insurance claim is received related to trees incidents. We selected a sample of three insurance claims raised since January 2022, to review the actions taken. We found that, for two of the three claims sampled, supporting information related to the claim had been requested from the Tree Officer. However, in both cases, a response was not received for four months, impacting the timeliness of the insurance claim management. *(Finding 4 – High)*

▸ The Council has procured five contractors to ensure tree works can be completed, as required. However, we sought to obtain the records held in relation to each contractor, such as health and safety policies and insurance documents, and found that this information was not maintained by the Council. *(Finding 5 – Medium)*

▸ The Council have a computer management system in place, Pear, which is used to document National Tree Map data on the number of trees. The system links to a tablet computer, which can be taken off site to complete (reactive) inspections. However, the inspection notes recorded must be manually transferred onto a computer, impacting the efficiency of data transfer. Further, the data maintained is not exported to a reporting format, to enable the Council to monitor tree stock levels. *(Finding 6 – Medium)*

▸ As the Tree Team consists of one Tree Officer and the Corporate Manager for Green Spaces, a monthly 1-2-1 meeting has been set up to monitor progress and goals for the service. However, since the initial meeting on 9 June 2023, no subsequent monthly meetings have occurred. Furthermore, the Clean and Green Committee (previously the Community, Environment & Enforcement Committee) provide some oversight over the number of trees planted by the service. However, our review of the three most recent meeting minutes (December 2022, March 2023 and June 2023) identified that no scrutiny has been implemented regarding the absence of tree inspections. *(Finding 7 - Medium)*

ADDED VALUE

▸ At the Council's request, we also reviewed whether any contractor management arrangements are in place to ensure legitimate and insured contractors are used for tree works. As a result of this review, we have raised an additional finding in this area. *(See above and Finding 5 – High)*

- We have benchmarked the Council's Tree Strategy against our client base and our report provided some examples of other policies and good practice we have found.
- We identified recent examples where Councils have been prosecuted and fined up to £300,000 due to having no proactive inspections in place and our report provided some examples to support our recommendations.

CONCLUSION

- Overall, whilst the service is keen to improve, we identified a number of significant concerns with current performance.
- Most notably, the Council are accepting a high level of risk regarding the absence of a proactive inspections programme, coupled with ineffective management of reactive inspections.
- We have therefore concluded limited assurance over both the design of the control framework and the effectiveness of the controls in place.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
1. **Insufficient Implementation of Tree and Woodland Strategy** 1.1 The Council should update the Tree and Woodland Strategy, or create supporting standard operating procedures (SOPs), to incorporate: • Roles and responsibilities • Delivery targets • Agreed KPIs • National guidance and best practice, including the requirement for a risk-based and proactive inspection programme. 1.2 We recommend that the implemented Strategy should include an action plan, with delivery target dates and assigned responsibility, to ensure that the necessary long-term transformation and implementation of tree management is monitored and the Council is held to account against its aims. Progress against the action plan should be overseen by the Clean and Green Committee periodically. 1.3 The policy should include a schedule of reviews, to ensure it is reviewed and updated at regular intervals as required. 1.4 Supporting Standard Operating Procedures (SOPs) or appendices should be created to support the aims of the strategy and govern how the aims will be implemented, e.g. tree inspection policy.	High	1.1 Agreed. Strategy will be presented to Clean & Green Committee for approval. 1.2 Agreed. To be presented as an annual update to the approved strategy. 1.3 Agreed. To be incorporated into the annual update. 1.4 Agreed. This will be as an appendix to the Strategy.	1.1 Director of Environment 31 January 2024 1.2 Director of Environment 31 January 2025 1.3 Corporate Manager (Green Spaces) 31 January 2025 1.4 Corporate Manager (Green Spaces)
2. **Incomplete Understanding of Tree Stock Conditions in the Borough** 2.1 The Council should collate the data on number of trees from the National tree Map into a report to ensure oversight/monitoring of tree stock	High	2.1 Agreed. 2.2 Agreed.	Corporate Manager (Green Spaces) 31 October 2023

	levels can be implemented by Management and enable monitoring of overall stock levels. 2.2 The Council should ascertain the level of resources required to gather the necessary data on current tree stocks, e.g., tree age, type and condition, to support a risk-based inspections programme. *Please see recommendations 3.1-3.3 below.*			
3.	**Absence of Proactive Inspections** 3.1 To limit the risk of harm or serious incidents, the Council should implement a routine, proactive inspections programme. The Council could utilise methods such as the Quantified Tree Risk Assessment (QTRA), to support this approach, which requires key areas to be targeted for inspection based on risk factors such as footfall, location i.e., near playgrounds, and type of tree. 3.2 The Council should subsequently implement a risk-based, cyclical tree inspection programme. High risk areas, such as those with high footfall, should initially be prioritised and inspected urgently, and a regular inspection schedule devised. As the Council gains an understanding of the conditions of specific trees, high risk trees should also be targeted. 3.3 A long term approach to incorporate lower-risk areas into the inspection programme should subsequently be implemented. This should involve a less frequent work schedule for periodic inspections of lower-risk trees/areas if the Council can obtain sufficient resources to do so.	High	3.1 Agreed. 3.2 Agreed. 3.3 Agreed.	Corporate Manager (Green Spaces) 3.1 January 2024 3.2 April 2024 3.3 April 2025
4.	**Inadequate complaints handling and absence of established procedures** 4.1 The Council should develop the 'prioritisation of works' document to add specific implementation guidance related to trees, including time scales for responses. 4.2 The Council should complete a review of all open complaints in the dash system and ensure that either actions are taken where these have been missed, or the actions taken but not documented are included in the records to enable their closure. 4.3 The Council should monitor complaint response times against the newly agreed time scales, as a service KPI. 4.4 Guidance should be documented to cover response times when the Risk and Insurance officer requests information related to tree insurance claims.	High	4.1 Agreed. 4.2 Agreed. 4.3 Agreed. 4.4 Agreed.	4.1 Arboriculture Officer 28 February 2024 4.2 Corporate Manager (Green Spaces) 13 September 2023 (Completed since the audit) 4.3 Depot Admin Supervisor 30 November 2023 4.4 Corporate Manager (Green Spaces) 30 November 2023

5.	**Absence of contractor management** 5.1 The Council should create a contractor database or excel file to support management of the providers used. They should request copies of contractor insurance certificates and health and safety policies and record the expiry dates and key details. 5.1 To support this, calendar reminders should be added ahead of expiring contractor insurance policies, to ensure copies of new policies are obtained before works are agreed.	Medium	5.1 Agreed. 5.2 Agreed.	Corporate Manager (Green Spaces) 31 December 2023
6.	**Underutilised Computer Management System** 6.1 A review of the functionality of the existing computer management software, Pear, should be completed, to ascertain whether it is able to meet the Council's needs. Consideration should also be given to potentially sharing software with Rochford Council as part of a shared working partnership.	Medium	6.1 Agreed.	Corporate Manager (Green Spaces) 31 October 2023
7.	**Incomplete oversight processes** 7.1 The Council should arrange monthly invites for 1-2-1s with the Tree Officer, to ensure regular progress monitoring occurs. Where meetings are missed, they should be rescheduled at the earliest convenience to ensure regular check ins can be completed. 7.2 The Director of Environment should discuss the options for improved oversight by the Clear and Green Committee, with committee members. High priority issues such as lacking a proactive inspection programme should be discussed to ensure Council Leadership are aware of the risks currently accepted due to lack of resource and inspections. *Please see recommendation 1.2 to create an action plan for implementing the Trees and Woodland Strategy, whereby progress against the plan could be reported to Committee.*	Medium	7.1 Agreed. 7.2 Agreed.	5.1 Corporate Manager (Green Spaces) 13 September 2023 (Completed since the audit) 5.2 Director of Environment 31 January 2024

SECTOR UPDATE

Our public sector briefing summarises recent publications and emerging issues relevant to local authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for members and executive directors.

'THERE IS NOTHING LEFT': SIGOMA WARNS OF S114 RISKS

A "completely broken" local government funding system has put 21 councils at risk of issuing section 114 notices this year and next, the special interest group of municipal authorities has warned.

A survey found that three of 14 SIGOMA (Special Interest Group of Municipal Authorities) member councils had recently considered or were considering issuing a notice this year – and two who did not respond have separately publicly warned they are at risk.

Six more SIGOMA members told the organisation they think S114 notices are possible in future years – three in the survey and three separately.

At least nine more councils – not members of SIGOMA – have had S114 concerns of their own reported in the media.

This makes 12 this year (not including Woking Borough Council, which issued a notice in June) and nine next year – and the possibility of there being many more besides remains real.

Councils said the lack of dedicated funding for children's care has piled pressure onto already-stretched budgets, reducing reserve balances and putting financial stability at risk, SIGOMA said.

SIGOMA chair Stephen Houghton said: "The funding system is completely broken.

"Councils have worked miracles for the past 13 years, but there is nothing left.

"The government should provide additional in-year funding to relieve inflationary pressure, including for the pay deal this year.

https://www.publicfinance.co.uk/news/2023/08/there-nothing-left-sigoma-warns-s114-risks

FOR INFORMATION

For the Audit and Scrutiny Committee Members and Directors

Huge costs are stifling councils, LGA warns

Energy, Social Care and Inflation part of spiralling costs

Local government is facing multiple cost pressures and needs billions of extra funding, the LGA has warned.

Its leader warned the huge spikes in inflation and energy costs, plus wage costs and extra demand for social services have left the majority of councils on the brink.

"Inflation, the National Living Wage, energy costs and increasing demand for services are adding billions of extra costs just to keep services standing still," said LGA chair, Cllr Saun Davies. His comments came in response to a BBC investigation which concluded local authorities are set to spend £1.1bn of reserves this year to stay afloat.

It also forecast that the sector will need £5bn of extra funding just to keep services going. And its research concluded that the average deficit for councils will be £33m by 2025-26.

But the drivers of extra demand are not evenly spread across the country – and some councils have specific issues that are not their responsibility.

A group of councils are lobbying the Home Office over how they can resolve the small boats crisis as they are either a first point of contact for arrivals or are housing an increasing number of asylum seekers and their budgets do not reflect this.

Kent County Council has written to the Home Office asking for action to resolve the support for unaccompanied children.

The incentivised funding scheme, in place throughout 2023-2024, will provide local authorities with an additional lump sum of £6,000 for each child transferring within five working days from a dedicated children's hotel.

https://www.publicfinance.co.uk/news/2023/08/huge-costs-are-stifling-councils-lga-warns

FOR INFORMATION

Audit and Scrutiny Committee and Directors

NAO REPORT: WHOLE OF GOVERNMENT ACCOUNTS 2020-21

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

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

Whole_of_Government_Accounts_202021_Final_Version_for_laying_and_publishing.pdf

FOR INFORMATION

Audit and Scrutiny Committee and Directors

HMICFRS – POLICE PERFORMANCE: GETTING A GRIP

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has published Police performance: Getting a grip which focuses on the findings the police effectiveness, efficiency and legitimacy 2021-22 inspection programme, which assesses the performance of the 43 police forces in England and Wales.

Part 1 of the report examines national themes and Part 2 of the report explores problems with performance management and areas for improvement.

Police performance: Getting a grip - His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (justiceinspectorates.gov.uk)

FOR INFORMATION

Audit and Scrutiny Committee and Directors
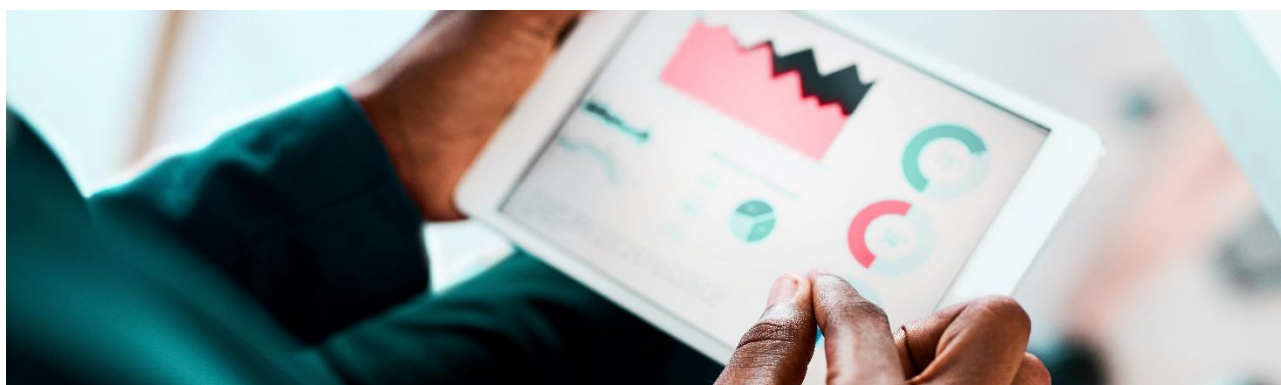
KEY PERFORMANCE INDICATORS

QUALITY ASSURANCE	KPI	RAG RATING
1. Annual Audit Plan delivered in line with timetable	Two 2023/24 audits have been deferred until later in the year, as detailed on page 3	A
2. Actual days are in accordance with Annual Audit Plan	We are on track to meet this KPI	G
3. Customer satisfaction report – overall score at least 70% for surveys issued at the end of each audit	No survey responses received yet for 2023/24	-
4. Annual survey to Audit committee to achieve score of at least 70%	Average score from six respondents is above 70%.	G
5. At least 60% input from qualified staff	We are on track to meet this KPI	G
6. Issue of draft report within three weeks of fieldwork closing meeting	This KPI has been met for two out of two audits for 2023/24 to date	G
7. Finalise internal audit report one week after management responses to report are received	This KPI has been met for two out of two audits fore 2023/24 to date	G
8. Positive result from external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	G
9. Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt	The KPI regarding Council agreement of the Terms of Reference has been met for four out of four (see table below)

The KPI regarding draft report has been met for two out of two audits (see table below) | G |
| 10. Audit sponsor to implement audit recommendations within the agree timescale | Our latest follow up exercise has confirmed three out of 14 due recommendations have been implemented by the agreed date. | A |
| 11. Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff | We have experienced some delays in securing meetings to start our audits | A |

KEY FOR RAG RATING

G = met target   A = partly met target

R = not met target   - = not applicable

AUDIT TIMETABLE DETAILS (2023/24)

Audit	Draft ToR Issued	Management Response to ToR Received	Closing Meeting	Draft Report Issued	Management Response to Draft Report Received	Final Report Issued
Car Parking	14/07/2023	21/07/2023	30/08/2023	01/09/2023	13/09/2023	13/09/2023
Tree Management	29/06/2023	03/07/2023	29/08/2023	31/08/2023	13/09/2023	14/09/2023
Waste Management Services	06/07/2023	09/07/2023	n/a	n/a	n/a	n/a
Risk Management	10/07/2023	17/07/2023	n/a	n/a	n/a	n/a
Communications and Information Sharing	12/09/2023	n/a	n/a	n/a	n/a	n/a
Workforce Strategy	n/a	n/a	n/a	n/a	n/a	n/a
Estates Management	n/a	n/a	n/a	n/a	n/a	n/a
Data Protection (Carried forward from 22/23)	n/a	n/a	n/a	n/a	n/a	n/a
Assets Management	n/a	n/a	n/a	n/a	n/a	n/a
Disaster Recovery and Business Continuity	n/a	n/a	n/a	n/a	n/a	n/a
One Team Reviews	n/a	n/a	n/a	n/a	n/a	n/a
Main Financial Systems	n/a	n/a	n/a	n/a	n/a	n/a
Financial Planning and Monitoring	n/a	n/a	n/a	n/a	n/a	n/a
Partnership with Rochford District Council	n/a	n/a	n/a	n/a	n/a	n/a

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

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

RECOMMENDATION SIGNIFICANCE DEFINITION

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

FOR MORE INFORMATION:

JANINE COMBRINCK

Janine.Combrinck@bdo.co.uk

www.bdo.co.uk