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## **AUDIT COMMITTEE**

**Date:** Monday, 2nd October, 2023

**Time:** 6.00 pm hours

**Venue:** Room B, Halifax Town Hall, Halifax, HX1 1UJ

### **Members**

**Councillor:** Whittaker

**Councillors:** Bellenger

Cairney

Dacre

Hey

Leigh MBE

Prashad

T Swift MBE

**Independent Members:** M Townsend

### **Substitutes**

All remaining Members of the respective Party Groups

## **A G E N D A**

1. **Substitutes nominated for this meeting and apologies for absence**
2. **Members' Interests**  
To remind Members of the need to declare any disclosable pecuniary interests or other interests they might have in relation to the items included on this agenda.
3. **Admission of the Public**  
It is not recommended that the public be excluded from the meeting for the consideration of the items of business on this agenda.
4. **Minutes of the Audit Committee Meeting held on 31st July 2023 to be agreed as a correct record and signed by the Chair.** ( (Pages 3 - 10))
5. **Member Selected Internal Audit Report - Transport Services** (Interim Head of Internal Audit (Pages 11 - 34))
6. **Adult Care Charges - Delivery of agreed internal audit actions** (Interim Head of Internal Audit (Pages 35 - 40))
7. **Internal Audit Services - Tracking Report 2023 - 2024** (Interim Head of Internal Audit (Pages 41 - 48))
8. **2021/22 Statement of Accounts Audit Update** (Ernst & Young - External

Auditors (Oral Report))

9. **Local Authority Governance Failings** (Interim Head of Internal Audit (Pages 49 - 64))
10. **Update on the 2022-23 Statement of Accounts** (Director, Resources and Transformation (Pages 65 - 68))
11. **Review and Challenge of Strategic Risks** (Interim Head of Internal Audit (Pages 69 - 76))
12. **Internal Audit Plan 2023-24** (Interim Head of Internal Audit (Pages 77 - 84))
13. **Audit Committee Work Plan and Actions Log** (Interim Head of Internal Audit (Pages 85 - 96))
14. **Additional Member Selected Internal Audit Report - Princess Buildings** (Interim Head of Internal Audit (Pages 97 - 106))

I R Hughes  
Head of Legal and Democratic Services  
Town Hall, HX1 1UJ  
Friday, 22 September 2023

*For further information on this agenda please contact Kirsty Smith on [Kirsty.Smith@calderdale.gov.uk](mailto:Kirsty.Smith@calderdale.gov.uk) or 01422 39 3013*

The agenda papers for this meeting are available on the [Council's Website](#).

**PRESENT:** Councillor Whittaker (Chair)  
Councillors: Bellenger, Cairney, Dacre, Hey and Leigh MBE

### **INDEPENDENT MEMBERS**

M Townsend

#### **11 SUBSTITUTES NOMINATED FOR THIS MEETING AND APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Prashad and T Swift MBE.

*(The meeting closed at 20.44.)*

#### **12 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 30TH MAY 2023**

**RESOLVED** that the Minutes of the meeting of the Audit Committee held on 30<sup>th</sup> May 2023 be approved as a correct record and signed by the Chair.

#### **13 MEMBER SELECTED INTERNAL AUDIT REPORT - ADULT CARE CHARGES**

The Interim Head of Internal Audit submitted a written report providing further information in respect of the delivery of the agreed actions resulting from the adult care charges internal audit review. Reviewing individual internal audit reports gave the Committee the opportunity to consider, challenge and review both the work of the Council's Internal Audit service and the subsequent actions taken by management to address agreed internal audit actions. The adult care charges internal audit report ('limited' assurance opinion) was considered by the Committee at their February 2023 meeting. At that time, two of the nine agreed actions had been introduced.

Members had raised concerns about issues highlighted by the internal audit report and requested that an update on the progress that had been made to introduce the outstanding actions be submitted. An updated management response to the audit actions was attached at Appendix A. It remained the case that only two of the nine recommendations had been introduced in full.

The Director, Adult Services and Wellbeing attended the meeting and addressed the Committee. She gave a presentation providing an update and outlined the progress of all 9 recommendations, highlighted whether they were implemented, in progress with an implementation planning timeline or not implemented with the reasons why.

During discussions Members referred to the actions regarding the Charges Policy that went to legal last July and asked what the delay was signing off the Charges Policy. Raised concerns that still only 2 recommendations were completed and the issues around the programming and software for direct debits. In response, Officers advised that information regarding the Charges Policy would be checked and circulated to Members. They explained the process of the systems and processes built up over several years and outlined the technical issues around direct debits that would be rolled out once the new software was introduced. Assurances were given

that work was being carried out to ensure compliance with the Care Act and Officers were doing all in their power to maximise capacity.

**RESOLVED** that:

(a) the internal audit report, and management responses to the actions identified be noted;

(b) the Interim Head of Internal Audit be requested to include the progress in the delivery of the recommendations arising from the Adult Care Charges report as a standing agenda item; and

(c) the Head of Legal and Democratic Services be requested to circulate the timeline for the sign off for the Charges Policy.

**14 INTERNAL AUDIT SERVICES - TRACKING REPORT 2023-24**

The Interim Head of Internal Audit submitted a written report providing details of the Internal Audit Services, Tracking Report 2023-24 outlining internal audit reviews completed during 2022-23 and to date. The Audit Committee were responsible for oversight of the Council's governance arrangements. The tracking report informed Committee about the delivery of the internal audit plan, the overall assurance opinions given at the conclusion of a review and the number of agreed actions and their introduction. The tracking report allowed Members to challenge both the Head of Internal Audit and the appropriate Manager about the effectiveness of the internal control environment and decide, which, if any, internal audit reports they wished to consider in more detail.

The tracking report was used by internal audit to record the outcomes of audits and the findings from follow-up reviews, and it was frequently updated. The report reflected the position as of 12<sup>th</sup> July 2023. A number of changes had been made since the report was considered by the Committee in May 2023 and these were summarised in the report.

The Chair advised that following the discussion at the last meeting the "limited" and "low assurance" reports once finalised would be circulated to Members to introduce an informal call-in process so that reports could be added for consideration at the next meeting of the Committee.

During discussions Members sought clarity on actions highlighted in red and asked if any reports that went newly "limited" or "no assurance" could be circulated to Members. In response, Officers explained the process of actions "not due" and advised that there was a process in place for recommendations and implementation dates that were agreed. A new process of newly "limited" or "no assurance" reviews would be circulated to Members and could be added to the next meeting of the Committee.

**RESOLVED** that the:

(a) Internal Audit Services Tracking Report 2023-24 be approved; and

(b) Interim Head of Internal Audit be requested to submit a report on “Transport Services” to the Audit Committee meeting scheduled to be held on 2<sup>nd</sup> October 2023.

**15 MEMBERSHIP OF THE AUDIT COMMITTEE**

The Interim Head of Internal Audit submitted a written report which provided information on the Membership of the Audit Committee. The Council had appointed Cabinet Members to the Audit Committee since its inception in 2005. This was contrary to established best practice which recommended that Cabinet Members should not be appointed. Best practice guidance issued by Chartered Institute of Public Finance and Accountancy, the Finance Reporting Council and National Health Service advised that the Audit Committee be comprised of non-executive members. The Council was at odds with the guidance by allowing members of the Executive to be appointed to the Audit Committee. The Committee discussed its membership at the meeting held in May 2023 and requested that a review of the membership of the Audit Committee be carried out.

**\*RESOLVED that it be recommended to the Council that the:**

**(a) Head of Legal and Democratic Services be requested to amend the Constitution to specifically exclude Cabinet Members from being appointed to the Audit Committee;**

(b) Cabinet Member with responsibility for Resources be invited to attend Audit Committee meetings as an observer;

(c) Interim Chief Finance Officer be authorised to undertake the necessary recruitment processes that would lead to the appointment of a second independent person to the Committee.

**16 ANNUAL REPORT ON COUNTERING FRAUD 2022/23**

The Interim Chief Finance Officer submitted a written report providing details of the Annual Report on Countering Fraud 2022/23. The Committee’s terms of reference required it to review the assessment of fraud risks and potential harm to the Council from fraud and corruption, and monitor the counter-fraud strategy, actions, and resources. The purpose of this report was to provide the Audit Committee with assurance that the counter fraud arrangements in place were appropriate and working effectively. It was recognised good practice for the Audit Committee to receive an annual report on countering fraud activity. The report outlined the process and procedures that were in place and allowed the Committee to meet its terms of reference obligations.

**RESOLVED** that the Interim Chief Finance Officer be requested to include the submission of a report on Countering Fraud on the Audit Committee’s Work Plan on an annual basis.

**17 REVIEW OF THE CALDERDALE LOCAL CODE OF CORPORATE GOVERNANCE**

The Interim Chief Finance Officer submitted a written report providing details of the review of the Calderdale Local Code of Corporate Governance. The Council’s Local

Code of Corporate Governance (the Code) was a fundamental governance document. It was reviewed annually to ensure that it reflected the requirements of the “Delivering Good Governance in Local Government: Framework (2016)” published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

The Committee agreed in January 2006 that it did not require sight of the Code if updates were of a minor housekeeping nature. This year a new section had been added to the Code that outlined in broad terms the Council’s governance structure and functional responsibilities. The Local Code was a corporate document and supported the preparation of the Annual Governance Statement (AGS). It should be reviewed by the Committee each year so that they were content that it reflected the governance processes that were in place across the Council. Any significant weaknesses identified should be considered for inclusion in the AGS. At the present time, internal audit lead the review of the Code. This was not appropriate as it impacted upon their independence when considering governance related matters.

During discussions Members felt it was prudent to consider the review of Local Code of Corporate Governance at the same meeting each year as the Annual Governance Statement.

**RESOLVED** that the:

(a) Local Code of Corporate Governance be approved; and

(b) Chief Executive be requested to consider how the review of the Local Code of Corporate Governance be undertaken in future years.

**18 RISK MANAGEMENT ANNUAL REPORT 2022/23**

The Interim Head of Internal Audit submitted a written report which provided information on the Risk Management Annual Report 2022/23. The Annual Report for Risk Management was submitted to provide Members with assurance that arrangements to manage risks were in place and being effectively used in the delivery of the Council’s services. Members were asked to confirm that the annual report provided assurance that the management of risk continued to be a key action in delivering the Council’s services.

Risk management continued to be a key part of the Council’s assurance and governance framework informing and supporting the Council’s Annual Governance Statement. The Council continued to manage its ever changing risk environment working both within the Council and with other organisations to keep at the forefront of risk management.

**RESOLVED** that the risk management arrangements that were in place during 2022/23 and the work that was being planned for 2023/24 be noted.

**19 RISK MANAGEMENT - REVIEW OF THE CORPORATE RISK STRATEGY**

The Corporate Risk Manager submitted a written report which provided information on the Risk Management Review of the Corporate Risk Strategy. The Committee’s terms of reference required it to monitor the effective development and operation of

risk management across the Council. Risk management arrangements in place throughout the Council were guided by the Corporate Risk Strategy and Framework. Changes were being proposed to the strategy. As the risk strategy was a corporate strategy it was required to be approved by Cabinet. Prior to the strategy being considered by Cabinet, the views of the Committee were being sought as to its contents.

The risk strategy was introduced in 2003 in order to provide Members and Officers with guidance on how to effectively manage risks. It had been updated on a regular basis to reflect best practice and the Council's own arrangements. The Strategy was reviewed in July 2023 and the report outlined changes that had been made in a number of areas to reflect the current approach to risk management.

**RESOLVED** that Corporate Risk Strategy be noted.

**20 RISK MANAGEMENT - REVISED STRATEGIC RISK REGISTER**

The Interim Head of Internal Audit submitted a written report which provided information on the Revised Strategic Risk Register. The Committee received updates on the strategic risk register to allow them the opportunity to review and comment on individual risks as appropriate and confirm that they were satisfied that it addressed the critical risks affecting the Council. The register was attached at appendix A. The register was introduced in 2003 and it was regularly reviewed to ensure it reflected the significant risks faced by the Council in the delivery of its services, priorities, and vision.

A full review of the register was completed in June 2023. This was done to identify new risks, significant changes to current risks and those that could be removed. The register was regularly compared to the published registers of similar authorities to ensure that consideration was given to the high-level risks that had been identified by others. The register also took account of 'top risks' advice and guidance provided by professional bodies. Through receiving the register, the Committee had the opportunity to review and challenge its contents, ensuring that it was an accurate reflection of the strategic risks facing the Council.

During discussions Members referred to the risk detail with lots of further actions and asked if there were dates attached to these actions. It was suggested that dates on action points would be helpful. It was also suggested that the review of individual strategic risks could be reintroduced. In response, Officers advised that dates on action points could be included going forward.

**RESOLVED** that the:

(a) Strategic Risk Register be noted; and

(b) Head of Internal Audit and Corporate Risk Manager be requested to reintroduce the "Review of Individual Strategic Risks" and submit to each future meeting, one risk from the strategic risk register for more detailed review and consideration.

**21 ANNUAL REPORT ON TREASURY MANAGEMENT 2022/23**

The Interim Chief Finance Officer submitted a written report providing details of the Annual Report on Treasury Management 2022/23. Under the Council's constitution, Audit Committee received the mid-term and annual reports on Treasury Management with the option to recommend that the reports be sent to Cabinet if Audit Committee felt that it was necessary. This report was in respect of the financial year ended the 31<sup>st</sup> March 2023 and provided information on the Council' Treasury Management activities and performance for the year.

The current high interest rates on investments were helping to manage the Council's Treasury Management budgets along with the new method of calculating the Minimum Revenue Provision charge. It was worth bearing in mind that the current interest rates could also fall at any time. The current consensus was that the base rate had not yet peaked but when it did then it would stay at that rate for a period but then start to fall.

**RESOLVED** that the Annual Report on Treasury Management 2022/23 be noted.

**22 INTERNAL AUDIT PLAN 2023/24**

The Interim Head of Internal Audit submitted a written report which detailed the Internal Audit's Plan 2023/24. The Committee approved the internal audit plan for the six-month period ending September 2023 in May. Work had progressed well, and further audits needed to be approved. Whilst it was agreed at the May meeting that the Head of Internal Audit would be able to amend the internal audit plan after consultation with the Head of Finance and the Chair of the Audit Committee, timing of this meeting allowed changes to the plan to be reported directly to the Committee.

The Internal Audit Plan was a key element of the Council's governance framework. The Accounts and Audit Regulations 2015 required that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account public sector internal audit standards or guidance. The Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit (HoIA) to "establish risk-based plans to determine the priorities of internal audit activity, consistent with the organisations goals".

**RESOLVED** that the changes proposed to the Internal Audit Plan for the six-month period ending 30 September 2023 be approved.

**23 AUDIT COMMITTEE WORK PLAN AND ACTION LOG**

The Interim Head of Internal Audit submitted a written report which outlined the Audit Committee Work Plan and Action Log for the next 12 months. Providing a work plan to Members of the Audit Committee allowed for forward planning enabling Members to be kept fully aware of issues that would arise at future meetings. As Members of the Audit Committee were charged with responsibility for governance, it was important that they were informed in advance of issues that would arise during the year and for which they were required to make decisions. They also needed to be aware that actions they had asked to be taken forward had been actioned as required.

**Monday, 31st July, 2023**

Members wished the Interim Chief Finance Officer, Isabel Brittain and Interim Head of Internal Audit all the best in their new roles and thanked them for all their hard work.

**RESOLVED** that the:

(a) Audit Committee Work Plan to May 2024 be approved; and

(b) Head of Internal Audit be requested to submit a report on “aspects of the town centre office strategy” to the next meeting of the Committee.

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## CALDERDALE MBC

**WARDS AFFECTED: ALL**

## AUDIT COMMITTEE

**2 October 2023**

### **Member Selected Internal Audit Report**

#### **Report of the Interim Head of Internal Audit**

#### **1. Issue**

- 1.1 Members have requested further information in respect of the delivery of the agreed actions resulting from the Transport Services internal audit review.

#### **2. Need for a Decision**

- 2.1 Reviewing individual internal audit reports gives the Committee the opportunity to consider, challenge and review both the work of the Council's Internal Audit service and the subsequent actions taken by management to address agreed internal audit actions.

#### **3. Recommendations**

- 3.1 That Members in noting the internal audit reports, and management responses to the actions identified, consider whether they wish to take further action.

#### **4. Background Information**

- 4.1 The Audit Committee agreed in March 2011 that if they so wished, one or two internal audit reports would be presented to the Committee for review and discussion. The appropriate Officers would be asked to attend to discuss the report's findings and answer questions.
- 4.2 At the July 2023 committee meeting, it was agreed that the report in relation to Transport Services would be discussed during this Audit Committee meeting.
- 4.3 An executive summary of the report has been prepared. The summary includes the overall audit opinion, findings, risks, agreed actions, along with their implementation dates. In addition, management have provided a summary of the current position in respect of each agreed action.

#### **Transport Services (Appendix A)**

- 4.4 This audit was given a 'limited' opinion and contains 43 agreed actions in total; four of which, are cross-cutting issues in relation to the Special Educational Needs Disabilities (SEND) Team within the Children and Young Peoples Service (CYPS).
- 4.5 Considerable progress within Transport Services has been made to address the remaining 39 agreed actions where over 70% have now been implemented.

- 4.6 It is noted that all four agreed actions within CYPS have also now been implemented.
- 4.7 Noting that the formal follow up of the Transport Services review is due to be undertaken at the end of October 2023, where evidence will be sought that agreed actions have been implemented.
- 4.8 Whereas, the formal follow up of the four cross-cutting actions relating to the SEND Team within CYPS, will be undertaken as part of a formal audit review of SEND arrangements in Q3/Q4 of the Internal Audit Plan 2023/24.
- 4.9 The Director, Public Services, Assistant Director Neighbourhoods, the Transport Services Manager, and the Director of CYPS will be attending the meeting to answer any questions from Members.

## 5. **Options**

- 5.1 The Committee have the choice as to whether or not to consider none, one or two internal audit reports at their meetings. Reviewing internal audit reports contributes to the Committee's understanding of the internal audit process and how actions are agreed and implemented.

## 6. **Financial Implications**

- 6.1 There are no direct financial implications arising from this report.

## 7. **Equalities Issues**

- 7.1 None arising directly from this report.

## 8 **Conclusions**

- 8.1 Providing Members with a selection of internal audits contributes towards their understanding of the internal audit process.

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For further information on this report contact:  
David Harwood - Interim Head of Internal Audit  
Email: david.harwood@calderdale.gov.uk

Documents used in the preparation of this report:

1. Internal Audit Reports – Transport Services.
2. Follow-up responses from management



Internal Audit Report: • **Transport Services**

Internal Audit Opinion: • **Limited assurance**

Actions agreed: • **43 action(s) agreed.**

Report issued to: • **Director of Public Services,**  
• **Director of CYPS,**  
• **AD Neighbourhoods,**  
• **Portfolio Holder for Public Services,**  
• **Transport Services Manager,**  
• **Transport Operations Manager.**

Date report issued: • **3 May 2023**

Planned follow up to be undertaken: • **31 October 2023**

## TRANSPORT SERVICES

### EXECUTIVE SUMMARY CONTENTS

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## EXECUTIVE SUMMARY

### 1. INTRODUCTION

- 1.1 The audit was undertaken in accordance with the member approved Internal Audit Plan.
- 1.2 Transport Services provides services to the public, council services and commercial customers. It is split into two teams, Transport Operations and Vehicle Services. Local Authorities have a statutory duty (Sect 508B Education Act 1996) to provide free home to school transport to facilitate the attendance at school of eligible children resident in their area.
- 1.3 Due to the complexity and wide scope of the review, it was agreed with management that focus should be placed on the key issues and priorities facing in Transport Services.
- 1.4 It is also noted that some of these recommendations are influenced by a 3rd party, such as the West Yorkshire Combined Authority (WYCA), where these recommendations will require assistance from the Council's support functions with specialist knowledge such as Finance and Procurement, to ensure that the respective specialist processes and procedures are adopted and understood.
- 1.5 During this audit review, several cross-cutting issues have been identified which relate to CYPS. Due to the nature of these issues, a separate executive summary report detailing 4 separate recommendations have been made to the directors of CYPS/Public Services who have provided a direct response to Internal Audit; namely recommendations 1,2,3 & 6 as detailed within this report.
- 1.6 The 4 resulting agreed actions will be followed up as part of a separate Special Educational Needs & Disabilities (SEND) review within the CYPS to be undertaken by Internal Audit during 2023/24.
- 1.7 A planned formal follow up is scheduled to be undertaken by Internal Audit in terms of the 43 agreed actions in relation to Transport Services at the end of October 2023. Evidence will be sought to verify the implementation of actions.
- 1.8 It is acknowledged and pleasing to note that there has been much progress made to date by Transport Services in view of the number of wide-ranging recommendations.

## 2. AUDIT OPINION

2.1. Overall, the control environment relating to Transport Services was found to provide Limited Assurance.

2.2 The factors which lead to the level of assurance were as follows: -

Area of Audit	Level of Assurance	
Home to School/SEND	Reasonable	Yellow
Transport SEND Assessments	Substantial	Green
Payments in Lieu	Reasonable	Yellow
Appeals	Reasonable	Yellow
Cameras/Tracking Devices	Substantial	Green
Policies	Reasonable	Yellow
Processes Documentation	Limited	Red
Procurement	Limited	Red
Business Plan	Limited	Red
Electric Vehicles/Charging Infrastructure	Reasonable	Yellow
Fuel/Fuel Fobs	Limited	Red
Fuel Cards	Reasonable	Yellow
Income	Limited	Red
Inventory	Reasonable	Yellow
Budget	Limited	Red
Public Services Risk Register	Limited	Red

## 3. SCOPE OF THE REVIEW

3.1 Due to the complexity and wide scope of the review as detailed above, it was agreed with management that focus should be placed on the key issues and priorities facing in Transport Services. Areas such as payroll, where there are other forms of corporate audits and management, were not included in the review.

## 4. MAIN FINDINGS

4.1 The audit identified that of the 12 areas under review, seven of these were considered to have gaps, weakness, or areas of non-compliance where improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the audited area (paragraph 2.2 refers).

4.2 The main findings were as follows:

- a) There was no evidence of:
- Key processes being documented within both the Vehicle Services / Transport Operations Teams. E.g., Fuel/Fuel Fobs (Triscan), Fuel cards, Servicing, MOTs, Inventory (Asset Minder), Payments in Lieu, Recharges. **(Recommendation 9)**,
  - Any formal variations to contract being agreed by all parties and documented, **(Recommendation 13)** and that the expected contract performance was being achieved **(Recommendation 10)**.
  - At the time of the audit, expenditure in terms of the provision of taxis was in excess of £525k. Taxis were not procured on a formal / contractual basis. **(Recommendation 11)**.
  - Contract monitoring taking place, including the monitoring of contract end dates, where an existing contract had expired (Certas Fuels). Management were not aware that the contract also included the provision of fuel to a LA school in error. **(Recommendations 11 – 13)**
  - That the charging methodology of eligible pupils to receive free transport at the time the contract was taken out (February 2013) was providing value for money and does not now represent a true reflection of eligible pupil ratios **(Recommendation 12)**,
- b) Although a mandatory requirement as documented in Vision 2024 and the Corporate Plan, and although Transport Services attended Business Plan Visioning Days during 2021/22, the initial Business Plan has not yet been fully progressed/completed. Although a more streamlined/simplified version has since been prepared. Key risks and actions that were identified in the original plan, were not amalgamated/completed at the time of the audit review **(Recommendation 19)**,
- c) At the time of the review, although a Project Team was being established, there was no formal strategy, ownership, budget, or supporting electric charging infrastructure, in place to progress the achievement of climate change objectives. **(Recommendation 22)**,
- d) At the time of the review, a predicted overspend of the transport services budget in 2022/23 was circa £2.3m; with 1.5m -1.7m being attributed to the provision of transport in relation to Special Educational Needs & Disabilities (SEND) **(Recommendations 38-42)**.

## 5. MAIN RISKS

5.1 The main potential risks identified from the audit findings were as follows: -

- a) The approved budget will be exceeded, and budget savings will not be achieved,

- b) A lack of awareness and non-adherence in relation to the Contract Procedure Rules including the lack of contract monitoring,
- c) Not achieving Value for Money (VFM) in terms of the West Yorkshire Combined Authority (WYCA) for the provision of Home to School Transport,
- d) A delay / not achieving the climate change objectives in terms of the reduction of emissions and the provision of a supporting charging infrastructure in relation to the purchase of electric vehicles/fleet,
- e) A composite business plan is not in place,
- f) A lack of documented key processes in place.

## **6. RECOMMENDATIONS SUMMARY**

- 6.1 The Action Plan, which shows the agreed actions, and the management response can be found at paragraph 7.1.
- 6.2 Of the 43 recommendations:
  - 31 have been fully implemented,
  - 12 have been partially implemented.

## 7. ACTION PLAN

### 7.1 Report Recommendations, Agreed Actions, and follow-up responses.

No.	Recommendations	Agreed Actions	Management follow-up response
1	The agreed caveat wording is not being included in section I of the EHCP when the requirements of the Home to School Policy/criteria are not being adhered to.	<p>The CYPS Team will be reminded:</p> <ul style="list-style-type: none"> <li>• of the requirements to include the caveat wording in the EHCP, Section I,</li> <li>• of the requirements of the Transport Policy,</li> <li>• that parents should be made aware (early in the process) that transport may not be provided if the requirements of the policy has not been met.</li> </ul>	<p>Agreed Actions 1, 2 &amp; 3 completed with the SEND Team - 16<sup>th</sup> August 2023, where copies of the policy and a management expectation letter has been issued by Julie Jenkins - Director of CYPS and Alexander Webley - Head of SEND.</p> <p>In addition, the use of the agreed caveat wording included in the EHCP is being seen and is making a difference to the outcome of the transport appeal decisions.</p>
2	The CYPS team are not adhering to the requirements of the Home to School Policy.	<p><b>To be implemented by:</b>            SEND Team Manager            Head of SEND            Date – 30 August 2023.</p>	<p>To be monitored for the new academic year (23/24) transport applications.            Andrew Lambert - SEN Team Manager            Alexander Webley - Head of SEND            (Completion: 30/08/23)</p>
3	Parents/Carers are not being made aware that free home to school transport may not be available early in the process when the requirements of the Home to School Policy is not being adhered to.		

No.	Recommendations	Agreed Actions	Management follow-up response
4	<p>Although it is acknowledged that entries shown on the Capita system are correct, dependent on the user(s), there are minor inconsistencies when recording a SEND application for the provision of home to school transport on the manual excel spreadsheets. Supporting documentation therefore is inconsistent and increases the risk of manual errors.</p> <p>Consequently, there is an Increased risk of inconsistent/incorrect information being transferred from the working document to the official system.</p>	<p>Recommendation initially rejected but since accepted.</p>	<p>Agreed action complete.</p> <p>The Capita One system is now the only primary document used to record SEND transport passenger details and is thoroughly checked by staff on a regular basis.</p>
5	<p>The claim for GBM totalling £342.00 did not include the name of the school being attended, the detail to show what the cost per day of £18 consisted of, (i.e., taxi etc) and although the claim form was signed, checks were not being undertaken on the authorised signature on the claim form to show that it has been signed by the Headteacher or Attendance Officer, nor is it stamped to show attendance.</p> <p>Although the claim form for 'TH' totalling £122.40 was completed in full, checks were not being undertaken on the authorised</p>	<p>Agreed to implement as per recommendation noting that all future claim forms to be submitted electronically by schools to prove authenticity.</p> <p><b>To be implemented by:</b> Transport Operations Manager Date – 30 April 2023.</p>	<p>Agreed action complete.</p> <p>All direct budget payment claim forms are now submitted electronically by schools to prove authenticity.</p>

No.	Recommendations	Agreed Actions	Management follow-up response
	signature on the claim form to show that it has been signed by the Headteacher or Attendance Officer, nor is it stamped to show attendance.		
6	<p>Although the independent panel confirmed that policy had been correctly applied at stage 1, 7 out of 10 applications, resulted in the original decisions taken at stage 1 being overturned and allowed/partially allowed based on the panel's discretion.</p> <p>It is noted that Legal Services recruit the Independent Appeals Panel, and on some occasions, the panel consists of representatives from the CYP service, where it could be considered that the panel is not entirely independent in those instances.</p>	<p>A meeting has been arranged for all three senior officers, Julie Jenkins, CYPS; Ian Hughes Head of Legal and Ian Day Director of Public Services to review the role and Membership of Transport Appeals Panel - 10th August 2023.</p> <p>Independence will be considered by the end of September 2023.</p> <p><b>To be implemented by:</b> Director CYPS, Director Public Services, Head of Legal &amp; Democratic Services Date – 30 September 2023.</p>	<p>Agreed action complete.</p> <p>The independent Membership of Transport Appeals Panel was reviewed on 10th August 2023 by Julie Jenkins Director, CYPS &amp; Ian Hughes Head of Legal and Democratic Services.</p> <p>The outcome of the appeals panel decisions over the past 18 months has also been conducted by the Head of Legal and Democratic Services.</p>
7	Policies do not include the date, details of any revisions, approval route and some hyperlinks in the policy do not work.	<p>Agreed to implement as per recommendation.</p> <p><b>To be implemented by:</b> Transport Operations Manager &amp; Transport Services Manager Date – 31 May 2023.</p>	<p>Agreed action complete.</p> <p>The Post 16 and Home to School policies now include a front sheet with an approval route, and revisions etc.</p>
8	The Home to School Policy does not currently include the caveat wording or state, that where the nearest	Recommendation noted however, the response from the service is that the Home to School Transport Policy will be reviewed	Agreed action is progressing, but not yet fully complete.

No.	Recommendations	Agreed Actions	Management follow-up response
	school can meet the needs of the child, is available, and there is no evidence so show that the nearest school has been consulted, then transport will not be offered.	<p>when the DfE release the updated statutory guidance, which is expected during 2023.</p> <p>Update required by 31 October 2023 as part of the audit review follow up process.</p> <p><b>To be implemented by:</b> Transport Operations Manager &amp; Transport Services Manager Update required by – 31 October 2023.</p>	The Home to School Transport Policy will be reviewed following DfE statutory guidance which is to take place throughout 23/24 involving stakeholders. Following consultation, approval will need to be sought from Cabinet, published in June 2024 for a September 2025 implementation.
9	Although there are some general processes which are documented, such as the appeals process, including certain stand-alone records/spreadsheets, and whilst it is acknowledged that staff make their own notes, key processes are not currently fully documented within both the Vehicle Services / Transport Operations Teams.	<p>Agreed to implement as per recommendation.</p> <p><b>To be implemented by:</b> Transport Operations Manager, Transport Support &amp; Fleet Management Officer &amp; Transport Services Manager. Date – 31 December 2023</p>	<p>Agreed action is progressing, but not yet fully complete.</p> <p>All processes reviewed and rewritten as necessary, with just one key procedure currently outstanding.</p>
10	There is no evidence of any formal contract monitoring taking place including the evaluation and supply of Key Performance Indicators (KPI)s etc to ascertain that the required and expected contract performance is being achieved, or that contract end dates have been missed.	<p>All contract end dates will be entered on to Outlook 12 months prior to ensure time can be spent on renewal/re-procurement.</p> <p><b>To be implemented by:</b> Transport Operations Manager, Transport Support &amp; Fleet Management Officer, Vehicle Services Manager &amp; Transport Services Manager. Date – 31 December 2023.</p>	<p>Agreed action is progressing, but not yet fully complete.</p> <p>Contracts are closely specified, and procedures are in place to ensure required level of service quality and value for money is being secured in line with contract. However, it is acknowledged that this needs to be applied consistency across all contracts.</p>
11	Taxis are not procured on a formal basis and value for money is not being achieved.	A formal tendering process and contracts are being introduced for 23/24 (academic year).	Agreed action is progressing, but not yet complete.

No.	Recommendations	Agreed Actions	Management follow-up response
		<p><b>To be implemented by:</b> Transport Operations Manager. Date – 1 January 24</p>	<p>Procurement exercise for 23/24 abandoned due to insufficient response to tender invite.</p> <p>Waiver to be signed to continue direct award until 31 December 2023. DPS system to be used from 1 January 2024 - working with both the Procurement and Legal Teams to implement.</p>
12	<p>The existing contract with West Yorkshire Combined Authority (WYCA) for the provision of school transport is out of date and doesn't reflect the number of current pupil eligibility and doesn't provide value for money.</p>	<p>Contract negotiations have broken down. WYCA to provide a formal response to the Director of Public Services to agree a way forwards.</p> <p><b>To be implemented by:</b> Transport Operations Manager &amp; Transport Services Manager Update required by – 31 December 23</p>	<p>Agreed action is progressing, but not yet complete.</p> <p>Following meeting on 17 July with Ian Day, Phil Taylor and Steve Wainwright (WYCA), CMBC have accepted WYCA's proposal to change the costing model for mainstream school transport which offers £269k savings. New costs will be effective from 01/09/23. WYCA to follow up the agreement in writing and the cooperation agreement will be formalised by CMBC and WYCA Legal Teams.</p>
13	<p>There is no evidence of any formal variations to contract throughout the contract period thus far, although it has been acknowledged by the Transport Services Manager that charging methodology variations have taken place.</p>	<p>Agreed to implement as per recommendation.</p> <p><b>To be implemented by:</b> Transport Operations Manager, &amp; Transport Services Manager. Date – 31 December 2023</p>	<p>Agreed action is progressing, but not yet complete.</p> <p>Costs will be reviewed annually as per the renegotiated agreement.</p>
14	<p>A minimum of 3 written quotes are not being obtained in accordance with Contract Procedure Rules</p>	<p>Agreed per recommendation and implemented 24 April 2023.</p>	<p>Agreed action is progressing, but not yet fully complete.</p>

No.	Recommendations	Agreed Actions	Management follow-up response
	where expenditure between £30,000 and up to £100,000.		<p>Suppliers List complete, following advice from Procurement, supplier list to be categorised with a view to creating a DPS for each category i.e., a Vehicle Maintenance DPS.</p> <p>All Transport Management Team have now attended Procurement Training and are aware of, and following, procurement rules.</p>
15	Formal contracts are not in place where expenditure is over the procurement thresholds of over £100,000 in accordance with Contract Procedure Rules.	<p>Agreed to implement as per recommendation and Public Services Finance to provide support, as necessary.</p> <p><b>To be implemented by:</b> Transport Operations Manager, &amp; Transport Services Manager. Date – 31 October 2023</p>	<p>Agreed action is progressing, but not yet fully complete.</p> <p>A list has been created of all Service Suppliers, annual spend and how long they have been used. For any spend between £30k - £100k, TS will seek 3 quotes and contract with the preferred supplier. Any spend over £100k will be the subject of advice from Procurement/Legal, with a view to running a formal competition through a recognised and approved framework</p>
16		<p>Agreed to implement as per recommendation noting all relevant staff shall be informed and reminded of the need to contact Procurement &amp; Legal Teams where necessary to ensure compliance with CPRs.</p> <p><b>To be implemented by:</b> Transport Operations Manager, Transport Services Manager &amp; Public Services Finance Manager. Date – 1 January 2024</p>	<p>Agreed action is progressing, but not yet fully complete.</p> <p>As of July 23, it appears the only expenditure over the £100k threshold outside of contract procurement rules is for the provision of taxis. A waiver was used to direct award for 22/23 and the tendering exercise for 23/24 is to be abandoned until 31 December 23 and then a DPS will be used. Framework abandoned and letters sent to suppliers. Waiver signed to direct award until 31 December 23. DPS will be used January 24 as per rec 11.</p>

No.	Recommendations	Agreed Actions	Management follow-up response
17	Leases for vehicle hire etc are being signed by Transport Services without a review by Legal.	<p>Agreed to implement as per recommendation noting that the service response is that all leased vehicles are to be returned by 30 April 23.</p> <p><b>To be implemented by:</b>            Transport Support &amp; Fleet Management Officer, Vehicle Services Manager &amp; Transport Services Manager.            Date – 30 April 2023.</p>	<p>Agreed action complete.</p> <p>All leased vehicles are now returned. There are no leased vehicles in the Council's fleet.</p>
18	Invoices from WYCA in relation to Home to School Transport are being paid without any supporting information as detailed in the contract documentation being held on file to provide an adequate audit trail.	<p>Agreed as per recommendation.</p> <p><b>To be implemented by:</b>            Transport Operations Manager &amp; Transport Services Manager Agreed to implement as per recommendation.            Date:30 April 2023</p>	<p>Agreed action complete.</p> <p>Supporting information has always been sent with all WYCA invoices and is thoroughly checked by Transport Operations Manager</p>
19	The Business Plan is incomplete.	<p>Agreed to implement as per recommendation and review/consolidate the original part completed plan with the more streamlined alternative plan, into one version ensuring all risks/actions are captured.</p> <p><b>To be implemented by:</b>            Transport Operations Manager &amp; Transport Services Manager            Date:31 May 2023</p>	<p>Agreed action complete.</p> <p>The Business Plan has been completed in the required format and using the corporate template.</p>
20	Although there is a corporate directive to operate using a cashless system Transport Services have declined the	<p>Agreed as per recommendation and implemented 24 April 2023.</p>	<p>Agreed action complete.</p> <p>Cash is no longer accepted.</p>

No.	Recommendations	Agreed Actions	Management follow-up response
	opportunity due to the preference to continue to accept cash payments in terms of the income generated from servicing and MOTs etc.		
21	The lack of documented /fully documented key processes in relation to key areas are not currently included in the Business Plan.	<p>Agreed as per recommendation and key procedures will be included in the final version of the Business Plan.</p> <p><b>To be implemented by:</b> Transport Operations Manager &amp; Transport Services Manager Date:31 December 2023.</p>	<p>Agreed action is progressing, but not yet fully complete.</p> <p>Once all final key procedures have been reviewed (as per rec 9 above) then all will be added as appendices to the Transport Services Business Plan.</p>
22	<p>Although a Project Team is now being established, here is no formal strategy, ownership, budget, or supporting electric charging infrastructure, in place to progress the achievement of climate change objectives.</p> <p>There is no capacity within the current power grid sited at Battinson Road Depot to charge any additional Electrical Vehicles (EVs).</p>	<p>Agreed to implement as per recommendation noting that a Project Team was established in December 2022 which includes key stakeholders, however this will be a long-term objective.</p> <p><b>To be implemented by:</b> Transport Services Manager Update required by – 31 October 2023.</p>	<p>Agreed action is progressing in accordance with the agreed timescale within the Decarbonisation Plan approved by CLT and Cabinet.</p> <p>De-Carbonisation Plan is split into 12 stages with multi service involvement. Full delivery is planned by 2030 so the key is to keep to the planned schedule.</p>
23	Supporting inventory records are not necessarily kept up to date when employees move roles to different services or leave the employment of the council to correctly identify which services are hiring vehicles etc.	Agreed as per recommendation and implemented 24 April 2023.	<p>Agreed action complete.</p> <p>Hired vehicles now added to the inventory on Asset Minder</p>

No.	Recommendations	Agreed Actions	Management follow-up response
24	No formal diesel fuel reconciliations being undertaken to compare fuel purchased to that used/recharged to other services.	<p>Agreed to implement as per recommendation noting that previous reconciliations were undertaken manually and were inaccurate leading to a stock level discrepancy.</p> <p><b>To be implemented by:</b> Transport Services Manager Date – 30 April 2023.</p>	<p>Agreed action complete.</p> <p>Reconciliation procedure now in place, undertaken by Vehicles Services, and signed off by Transport Services Manager</p>
25	Regular fuel dip tests were not undertaken to check that the fuel figures recorded in the Triscan system reconcile.	Agreed as per recommendation and implemented 24 April 2023.	<p>Agreed action complete.</p> <p>Tanks are now fitted with calibrated electronic gauges to eliminate the H&amp;S risk involved in manual fuel dipping and this ensures more accurate information is available.</p>
26	Although the Triscan system has a reconciliation feature, this wasn't used as no opening stock was entered onto the system when the system was first purchased in 2019.	<p>Agreed to implement as per recommendation to mitigate the inaccurate stock level entered on to Triscan due to inaccurate fuel dipping records.</p> <p><b>To be implemented by:</b> Transport Support &amp; Fleet Management Officer &amp; Transport Services Manager Date – 30 June 2023.</p>	<p>Agreed action complete.</p> <p>Stock level entered retrospectively as per recommendation, and stocks levels monitored using calibrated gauges as above.</p>
27	A master fuel fob is also held and was visible in the office on the day of the audit visit in a plastic wallet left unattended and pinned to a wall.	Agreed as per recommendation and implemented 24 April 2023.	<p>Agreed action complete.</p> <p>Fuel fobs are now retained securely in the safe or a locked Agreed action drawer when not in use.</p>
28	Fuel cards are not signed for upon receipt, and there is currently no signed	Agreed as per recommendation and implemented 24 April 2023.	Agreed action complete.

No.	Recommendations	Agreed Actions	Management follow-up response
	documentation/acknowledgement that the user must guard against loss or theft and that any misuse could lead to a disciplinary offence.		Formal procedure in place and all cards now signed in and out, with appropriate wording about misuse, and receipts are retained.
29	Incorrect registration details entered at the petrol station (where registration letters were transposed) but the transaction was processed.	Agreed as per recommendation and implemented 24 April 2023.	Agreed action complete.  The monitoring of fuel receipts is now in place as also stated above.
30	Fuel cards when not in use were kept in clear wallets pinned to a wall.	Immediately agreed and implemented.	Agreed action complete.  All cards are now securely stored in the Operations office.
31	Documentation in relation to income received from MOT testing was incomplete and/or duplicated and Internal Audit were unable to reconcile to income (cash) received.	Agreed to implement as per recommendation where receipts will now be issued by the new cashless PAY360 system. Staff will also be reminded of procedure when completing supporting documentation.  <b>To be implemented by:</b> Transport Support & Fleet Management Officer, Vehicle Services Manager & Transport Services Manager Date – 30 June 2023.	Agreed action complete.  All payments are now made using the Corporate PAY 360 system, where the system automatically issues receipts which are retained by Transport Services.
32		Agreed to implement as per recommendation where sample checks should be undertaken on a regular basis by the Transport Support / Fleet Manager to ensure that MOT documentation is accurate and complete.  <b>To be implemented by:</b>	Agreed action complete.  MOT Booking procedure reviewed, including reconciliation of income received from private MOT's, in order to facilitate reconciliation as required.

No.	Recommendations	Agreed Actions	Management follow-up response
		Transport Support & Fleet Management Officer, Vehicle Services Manager & Transport Services Manager Date – 30 April 2023.	
33	Income is not being banked in a timely basis and there is a heavy reliance on cash income which is Contrary to council policy.	The mitigating action (Action 20 refers) implemented on 24 April 2023, where a cashless system is now in place.	Agreed action complete.  Cash is no longer accepted as a payment method.
34	Manual inventory records: <ul style="list-style-type: none"> <li>• are not password protected,</li> <li>• can be amended by the Transport Support &amp; Fleet Management Officer and the two Business Support Assistants thus increasing the risk of errors,</li> <li>• are incomplete,</li> <li>• do not record the full lifecycle of an asset,</li> <li>• have inconsistent naming conventions,</li> <li>• are scored out with no explanations,</li> <li>• show no evidence of a signed inventory check, and,</li> <li>• are not independently checked and verified.</li> </ul>	Agreed to recommendation noting that a replacement Asset/Fleet Management Software System is now being sourced to mitigate the issues.  <b>To be implemented by:</b> Transport Support & Fleet Management Officer, Vehicle Services Manager & Transport Services Manager Date – 31 October 2023.	Agreed action complete.  Asset Minder is now being used as the definitive fleet inventory system in order to ensure compliance with council policies.
35	Regular reconciliations are not being undertaken to compare the	Agreed as per recommendation and implemented 24 April 2023.	Agreed action complete.

No.	Recommendations	Agreed Actions	Management follow-up response
	fuel fob records held on the Triscan system to those assets recorded on the separate Asset Minder inventory system to identify any errors.		A fuel reconciliation procedure is in place which is undertaken on a quarterly basis and is signed by Transport Services Manager.
36	Inventory records are held in three different formats including the Asset Minder System, an excel spreadsheet held on the shared drive, and a hardcopy record, thus increasing the risk of errors.	Agreed to implement (recommendation 34 also refers).	Agreed action complete.  Asset Minder is now being used as the definitive fleet inventory system in order to ensure compliance with council policies.
37	<p>The excel inventory tab referenced as 'KMA' (Kirstie Aitchison–Transport Support &amp; Fleet Management Officer) list identified that:</p> <ul style="list-style-type: none"> <li>• purchase/lease dates were omitted.</li> <li>• the inventory summary stated that there were 17 Hire Vehicles, 6 Sweepers, 4 Leased and 188 owned, totalling 215 vehicles. It proved difficult to follow due to inconsistent descriptions regarding the type of vehicle recorded on the inventory record, to confirm that the summary above was correct,</li> <li>• although there are columns inserted to record MOT dates and Tax details, 35 records did not include tax</li> </ul>	Recommendation initially rejected, but since accepted.	<p>Recommendation now accepted and the resulting agreed action complete.</p> <p>Asset Minder is now being used as the definitive fleet inventory system in order to ensure compliance with council policies.</p>

No.	Recommendations	Agreed Actions	Management follow-up response
	<p>due dates and 98 records did not include MOT due dates.</p> <p>It is noted that although the Asset Minder system exists, this does not record corresponding tax, MOT, servicing, and fuel fob details in one composite document. Consequently, there is an Increased risk of inconsistent/incorrect/duplicate information being transferred from the working document to the official system.</p>		
38	Recharges for new vehicle hire within CYP/Adults Social Care have not been processed.	Agreed as per recommendation and implemented 24 April 2023.	<p>Agreed action complete.</p> <p>A Finance Officer has been appointed to support Transport Services ensuring all recharges are undertaken on a timely and accurate basis.</p>
39	Recharges for against Transport Markers throughout the council have not been processed.	Agreed as per recommendation and implemented 24 April 2023.	<p>Agreed action complete.</p> <p>This is now completed and all budget/spend allocated to respective service areas. Transport markers are no longer in use.</p>
40	The inherited historical savings target in the budget is not achievable.	<p>Agreed to implement as per recommendation.</p> <p><b>To be implemented by:</b> Public Services Finance Manager Date – 30 June 2023.</p>	

No.	Recommendations	Agreed Actions	Management follow-up response
41	<p>Currently there is only an FTE 0.5 level of dedicated budget monitoring support being provided from the Public Services Finance Team to aid the Transport Services Manager manage the complex budget and multiple cost centres.</p>	<p>Agreed to implement as per recommendation.</p> <p><b>To be implemented by:</b> Public Services Finance Manager Date – 30 June 2023.</p>	<p>Agreed action complete.</p> <p>A Finance Officer has been appointed to support Transport Services to ensure sufficient support in line with size and complexity of budget.</p>
42	<p>At the time of the audit being undertaken, it was noted that expenditure in excess of £230,000 had been incurred through the transport services budget cost centre (78693203) for the hire of road sweepers for the period 2021/22.</p> <p>It was stated at the time that Green Spaces &amp; Street Scene (GSSS) required plant replacing as leases were out of contract, so further prudential borrowing was needed to purchase replacement electric fleet, which would impact on the Transport Services budget.</p> <p>It has recently been confirmed by the Public Services Finance Manager that costs in respect of GSSS are still being incurred via the Transport Services Budget/cost centre.</p>	<p>Agreed to implement as per suggested recommendation, although the Street Sweepers fall within the Transport budget, they are operated by the GSSS Team, and not Transport Services.</p> <p><b>To be implemented by:</b> Transport Operations Manager &amp; Transport Services Manager in conjunction with the Corporate Lead for Green Spaces &amp; Street Scene. Date – 31 December 2023</p>	<p>Agreed action is being progressed but not yet complete.</p> <p>A Sweeper Procurement exercise commenced 01 Jun 2023 and is due to be finalised by the 31 December 2023. All other plant and machinery equipment are procured by GSSS.</p>

No.	Recommendations	Agreed Actions	Management follow-up response
43	The Public Services Risk Register does not include any risks in relation to Transport Services.	<p>Agreed to implement as per suggested recommendation.</p> <p><b>To be implemented by:</b>  Transport Services Manager, &amp; Transport Operations Manager including consideration by/escalation to members of SMT/DMT, as necessary.  Date – 30 September 2023.</p>	<p>Agreed action complete.</p> <p>Risk register updated to include: (risk 22) about the delivery of the home to school transport service. We also have related risks – risk 5 “depots not fit for purpose”, risk 16 “physical abuse of staff”, risk 17 “non achievement of income”, risk 18 “inability to recruit &amp; retain staff” and risk 24 “budget control”.</p>

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## CALDERDALE MBC

**WARDS AFFECTED: ALL**

## **AUDIT COMMITTEE**

**2 October 2023**

### **Adult Care Charges – Delivery of agreed internal audit actions**

#### **Report of the Interim Head of Internal Audit**

#### **1. Issue**

- 1.1 At the July 2023 meeting, Members asked that a report on the progress made to deliver the agreed actions arising from the November 2020 internal audit report on adult care charges be added to the agenda as standing item.
- 1.2 Progress is to be reported until such time as the Committee are satisfied with the changes that have been introduced.

#### **2. Current position**

- 2.1 Appendix A details the current position. Since the Committee last reviewed the position in July 2023, it remains the case that only two of the nine recommendations have been introduced in full.
- 2.2 The Charges policy, which incorporates the Debt Recovery policy, remains on schedule to be in place for November 2023. Procedures will be drafted to support the policy implementation.
- 2.3 The appointment of the money manager post to support service users in the completion of their financial assessment forms has been delayed from October to November 2023.
- 2.4 Work to address action 5 – which required arrangements to be put in place to ensure financial assessments are reviewed periodically – has been introduced, but the Service have decided to show the action as ‘in progress’ due to the length of time required to complete the backlog of reviews.
- 2.5 The KPIs, as agreed in recommendation 6, have now been approved. The Business Intelligence team are developing a performance dashboard which will be used for monitoring performance against these indicators.

#### **3. Recommendations**

- 3.1 It is recommended that:
  - a) Members review and note the progress that has been made to introduce the agreed internal audit actions; and
  - b) Members consider whether are satisfied with the responses provided or wish to receive a further update report at the December 2023 meeting.

#### **4. Financial Implications**

- 4.1 There are no direct financial implications arising from this report.

5. **Equalities Issues**

5.1 None arising directly from this report.

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For further information on this report contact:

Ashley Stewart – Senior Internal Auditor

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Documents used in the preparation of this report: None

## ACTION PLAN – Adult care charges

No.	Report Recommendations	Agreed Actions	Management Update September 2023
1	As part of the directorate wide Policy implementation, a Charging policy should be implemented.	<p>Draft policy for legal consideration in January.</p> <p><b>To be implemented by:</b> Service Manager - Prevention and Early Help Date: March 2022</p> <p><b>Revised implementation date @ July 2023</b> Date: November 2023</p>	<p><b>In progress.</b></p> <p>A 'Charges Policy' incorporating Residential, Community Services, Direct Payments and Debt Recovery will be submitted for approval by Council on 27/09/23. Pending a formal consultation period for residents currently in receipt of care and support services, implementation will be actioned on 13/11/23. Pending full Council approval, an implementation plan will be in place to fully operationalise the policy and procedures.</p>
2	Documented procedures should be produced to ensure compliance with the new policy (above).	<p>Documented procedures will be drafted in line with the policy. Programme of embedding will be completed to ensure staff are aware of the new requirements.</p> <p><b>To be implemented by:</b> Operations Managers Date: March 2022</p> <p><b>Revised implementation date @ July 2023</b> Date: November 2023</p>	<p><b>In progress.</b></p> <p>Procedures have been drafted in line with the above policies. Awareness sessions will be in place to ensure that all operational staff (charging and assessment teams) can implement the policies from 13/11/23 in a timely and co-ordinated manner. Pending full Council approval, an implementation plan will be in place to fully operationalise the policy and procedures.</p>
3	There should be an	Agreed.	The action no longer applies. No further action is required.

	Information Sharing Agreement with the DWP for the sharing of information for service users paying client contributions. It should be approved by the Corporate Information Manager and Data Protection Officer.	<b>To be implemented by:</b> Team Manager - Appointeeships, Care Charging and Direct Payments Date: March 2022	The Charging Assessment Team have ceased sharing information with the DWP due to their lack of response re agreeing a formal sharing agreement.
4	The Social Worker should assist the service user in the completion of the financial assessment form as part of their initial assessment to ensure it is complete at the outset, and to provide the form to the Charging Assessment Team.	Process will be reviewed as part of policies and procedures work. 6 weeks review in January '23 to streamline practices and will be considered as part efficiencies programme.  <b>To be implemented by:</b> Operations Managers Date: June 2022  <b>Revised implementation date @ September 2023</b> Date: November 2023	<b>In progress.</b>  An online financial 'quick' calculator is now live on the Council website for residents wishing to be guided through the financial assessment process.  A Money Manager post is currently in recruitment, with an appointment date set for early Nov' 23. The post will specifically support people in receipt of care and support to maximise their income and more effectively manage their ability to pay their care charges. Following a review and if successful, funding for an additional post will be identified and established.
5	Arrangements should be put in place to ensure financial assessments are reviewed periodically.  Action should be taken to overcome the current backlog of reviews.	Recruitment exercise ongoing which will be used on reviews.  <b>To be implemented by</b> Team Manager - Appointeeships, Care Charging and Direct Payments	<b>In progress.</b>  A root cause analysis of the issues relating to the financial assessment process has been undertaken. Efficiency and improvement proposals presented to DLT in June 2023 are in place. Improvements will increase capacity to complete more financial assessments and reviews to ensure income to the Council is maximise. This will also contribute to the reduction and elimination of the backlog over the next 18

		<p>Date: March 2022</p> <p><b>Revised implementation date @ July 2023</b> Date: Recommendation introduced but the backlog of assessments will take approx. 18 months.</p>	<p>months.</p>
6	<p>Formal key performance indicators (KPIs) should be agreed and used to ensure performance is meeting the set standard.</p>	<p>Will be considered as part of transformation list. Will be assisted by six-week review on efficiencies.</p> <p><b>To be implemented by</b> Operations Managers Date: July 2022</p> <p><b>Revised implementation date @ July 2023</b> Date: Sept 2023</p>	<p><b>In progress</b></p> <p>As part of the root cause analysis of the Charging Assessment Team's capacity, a set of KPI's have been agreed and will be live a part of an overall ASW performance dashboard. A KPI of 6 weeks to complete a financial assessment from request being received will be an important indicator to illustrate progress.</p>
7	<p>Arrangements should be put in place so that Direct Debits are offered as a method of payment.</p>	<p>Being considered with support from commercialising team. Will be done as part of redevelopment of electronic system will incorporate this.</p> <p><b>To be implemented by</b> Operations Manager Date: July 2023.</p> <p><b>Revised implementation</b></p>	<p><b>Not implemented.</b></p> <p>Current systems do not allow for the implementation of a Direct Debit facility to improve functionality for charges recipients.</p> <p>This is being built into the new case file recording system that will be implemented across ASW. This function will form part of a new financial system aligned to the case file recording system and will not be operational until Summer 2025 and will be integrated with a new Financials system. It should be noted that this will continue to impact on the</p>

		<p><b>date @ July 2023</b> Date: July 2025</p>	<p>efficiency of the system to receive payments. Processes are in place for the interim to minimise the unavoidable inefficiencies until the new system is in place.</p>
8	<p>The terms of reference of the Debt Panel should be documented and agreed.</p>	<p>Draft produced; details need to be agreed then will be finalised.</p> <p><b>To be implemented by:</b> Service Manager – Prevention and Early Help Date: July 2023</p>	<p>Implemented.</p> <p>As previously reported, terms of reference have been agreed.</p>
9	<p>A policy should be introduced to clearly define the arrangements for debt write-offs.</p>	<p>Will be considered as part of policy development work.</p> <p><b>To be implemented by:</b> Service Manager – Prevention and Early Help, Service Manager All Age Disability &amp; Mental Health Libby Smith, Date: July 2022</p> <p><b>Revised implementation date @ July 2023</b> Date: November 2023</p>	<p><b>In progress.</b></p> <p>As outlined in Action 1, a Debt Recovery Policy will be in place by 13/11/23 to ensure income from residential and community based social care services is maximised.</p>

End

## CALDERDALE MBC

WARDS AFFECTED: ALL

## AUDIT COMMITTEE

2 October 2023

## INTERNAL AUDIT SERVICES - TRACKING REPORT 2023-24

### Report of the Interim Head of Internal Audit

#### 1. Issue

- 1.1 Audit Committee monitor delivery of the internal audit plan via a tracking report (Appendix 1). It details internal audit reviews completed during 2022-23 and to date.
- 1.2 Audit Committee monitor the use of the surveillance powers that are available to the Council under the Regulation of Investigatory Powers Act 2000 (RIPA). An external review of the RIPA management arrangements in place was completed in August 2023 by the Investigatory Powers Commissioner's Office. The report details the outcome of that review.

#### 2. Need for a Decision

- 2.1 The tracking report informs Committee about the overall assurance opinions given at the conclusion of a review and the number of agreed actions and their introduction.
- 2.2 The tracking report allows Members to challenge both the Head of Internal Audit and the appropriate Manager about the effectiveness of the internal control environment and decide, which, if any, internal audit reports they wish to consider in more detail.

#### 3. Recommendations

- 3.1 Members of the Audit Committee are asked to:
  - a) consider the tracking report and decide whether they wish to receive more information on any of the reports listed at their next meeting; and
  - b) note the outcome of the Investigatory Powers Commissioner's Office review of the Council's administration of covert surveillance powers.

#### 4. Background Information

- 4.1 The Audit Committee received their first tracking report in August 2007. Members asked for tracking reports to be presented to every future meeting.

#### 5. Reporting Procedures

- 5.1 At the conclusion of each audit a 'wash-up' meeting is held with the appropriate manager. The audits findings and potential actions that are expected to be included

in the draft report are discussed. The draft and final reporting process allows the manager to set out what they intend to do to address the agreed actions.

- 5.2 To provide assurance that managers introduce the agreed actions, internal audit have a follow-up process is in place:

**Limited assurance reviews**

Three months after the issuing of the final report (or within an appropriate timeframe that mirrors the agreed action implementation dates), internal audit will revisit the service area and review the progress that a manager has made to introduce the agreed actions.

**Substantial or reasonable assurance reviews**

Three months after the issuing of the final report, the relevant Service manager is required to provide details as to the progress made to introduce the agreed actions.

- 5.3 Audit Committee agreed in May 2022 that Internal Audit should continue to follow-up all agreed actions until they had been fully introduced.

**6. Covert surveillance - RIPA**

- 6.1 RIPA sets out the authorisation requirements for all covert surveillance undertaken by public authorities where that surveillance is likely to result in the obtaining of private information about a person. No requests for covert surveillance have been requested since the last meeting of the Committee.
- 6.2 In June 2023 the Investigatory Powers Commissioner's Office (IPCO) commenced a desk-top review of the Council's processes and procedures to manage covert surveillance requests. The IPCOs reported the outcome of their review in August 2023.
- 6.3 The IPCO report contained one action - the need for regular training to be provided to staff who are likely to engage RIPA or determine if a RIPA authorisation is required. This has been accepted and training will be delivered by March 2024.

**7. Changes to the tracking report in the reporting period**

- 7.1 The tracking report is used by internal audit to record the outcomes of audits and the findings from follow-up reviews. It is frequently updated.
- 7.2 The report reflects the position as of 12 September 2023. A number of changes have been made to the report since it was presented to the Committee in July 2023. They are summarised below:
- Five audits have been added to the report (one school, one advisory and consultancy, one fundamental system and two programmed audits).
  - One audit (Sundry Debtors) found no issues of note, a final report was issued immediately.
  - Four audits at draft stage at the time of the last report have now been issued as final reports.

- Seven audits have now had follow up reviews completed. Two still have recommendations outstanding. Second follow up dates have been agreed.
- Two audits from the July report, which had outstanding recommendations at the time, have had second follow ups. With all recommendations now being implemented.
- Five audits have been removed from the report. The follow-up process for these has been completed. There are no issues outstanding.

7.3 An executive summary for the Transport Services audit has been issued to the Children and Young Peoples Directorate, containing only the recommendations of which the service is responsible. The implementation of agreed actions will be reviewed as part of the SEND review further in the year.

## **8. Financial Implications**

8.1 There are no direct financial implications arising from this report.

## **9. Equalities Implications**

9.1 None arising directly from this report.

## **10. Conclusions**

10.1 The tracking report is a key document in keeping the Audit Committee updated of the delivery of the internal audit plan and the state of the control environment. It allows the Committee to decide which internal audit reviews they wish to consider in more detail.

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### ***For further information on this report contact:***

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### ***Documents used in the preparation of the report:***

1. Internal Audit Reports.

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Current Position	Audit	Directorate	Previous Audit Opinion	Current Audit Outcomes				Follow Up Position				Comments
				Final Report Issued	Suggested Actions	Current Audit Opinion	Actions Agreed	Date Due	Date Completed	Opinion After Follow Up	Actions Introduced	
<b>Internal Audit Reports Issued 2023/24</b>												
<b>Assurance and Risk</b>												
<b>School Audits</b>												
audit closed	Ravenscliffe High School	Children and Young People's	Sound	03/05/2023	5	Substantial	5		September 2023	Substantial	5	
final report issued	Barkisland CE (VA) Primary School	Children and Young People's	Sound	30/05/2023	6	Substantial	6	October 2023				FUF delayed due to expected implementation dates of agreed actions
final report issued	Ling Bob J,I&N School	Children and Young People's	Sound	12/06/2023	4	Substantial	4	September 2023				
final report issued	Central Street Infant & Nursery School	Children and Young People's	Sound	20/07/2023	7	Substantial	7	October 2023				
final report issued	Woodhouse Primary School	Children and Young People's	Sound	14/07/2023	10	Reasonable	10	October 2023				
final report issued	St Andrews CE (VA) Junior School	Children and Young People's	Sound	05/07/2023	7	Reasonable	7	October 2023				
final report issued	Todmorden High School	Children and Young People's	Limited	13/07/2023	10	Reasonable	10	December 2023				FUF delayed due to expected implementation dates of agreed actions
new - final report	Stubbings Infant School	Children and Young People's	Sound	08/09/2023	4	Substantial	4	December 2023				
<b>Programmed Audits</b>												
follow up issued	Traffic Regulation Orders	Regeneration and Strategy	Adequate	21/04/2023	3	Reasonable	3		Underway			FUF issued 06/09/2023
audit closed	Victoria Theatre	Public Services	Sound	05/05/2023	n/a	Substantial	n/a	Not Required		Substantial	n/a	
final report issued	Administration of Leave	Chief Executives	Adequate	26/07/2023	8	Reasonable	8	October 2023				
final report issued	Libraries	Public Services	Sound	01/06/2023	1	Substantial	1	March 2024				FUF delayed due to expected implementation dates of agreed actions
final report issued	Bereavement Services	Public Services	Sound	21/06/2023	2	Substantial	2	September 2023				
final report issued	Nursery Grants	Children and Young People's	Sound	26/06/2023	1	Substantial	1	November 2023				FUF delayed due to expected implementation dates of agreed actions
new - final report	Volunteers	Corporate Council Wide	Adequate	03/08/2023	4	Reasonable	4	November 2023				
new - final report	Princess Building Refurbishment	Regeneration and Strategy	n/a	30/08/2023	5	Limited	5	December 2023				
<b>Advisory &amp; Consultancy</b>												
new - final report	Achieving Budget Savings	Corporate Council Wide	n/a	17/08/2023	1	Substantial	1	November 2023				
<b>Corporate Governance</b>												
final report issued	ICTD Governance	Public Services	Sound	06/07/2023	6	Reasonable	6	April 2024				FUF delayed due to expected implementation dates of agreed actions
<b>Systems</b>												
<b>Fundamental Systems</b>												
new - audit closed	Sundry Debtors	Chief Executives	Sound	25/08/2023	0	Substantial	n/a	Not Required		Substantial	n/a	
<b>2023/24 Agreed Internal Audit Plan</b>												
Contracts and Procurement (Governance)												
Contract Register Management												
Risk Management												
Deferred Payments												
Licencing												
IT - Supply Chain Management												
Direct Payments Adults												
IT - Info Systems - Acquisition & Development												
Purchasing Cards												
Recruitment Process												
Appointeeships												
Mental Health Services												
Parking Services												
Day Services - Heatherstones Court												
Public Health - Projects and Contracts												
<b>Audits Approved</b>												
Compliance with the Public Sector Bodies												
Accessibility Regulations												
Social Media Communications												
Calculation of Key Performance Indicators												
Delivery of the Climate Change Policy (risk 018)												

Current Position	Audit	Directorate	Previous Audit Opinion	Current Audit Outcomes				Follow Up Position				Comments
				Final Report Issued	Suggested Actions	Current Audit Opinion	Actions Agreed	Date Due	Date Completed	Opinion After Follow Up	Actions Introduced	
	<b>2022/23</b>											
2nd follow up issued	Riverside Junior School	Children and Young Peoples	Sound	14/03/2023	8	Substantial	8	June 2023		Substantial	7	Awaiting response to 2nd FUF issued 24/07/2023
follow up issued	Ripponden J&I School	Children and Young Peoples	Sound	22/05/2023	4	Substantial	4	Underway				FUF issued 08/09/2023
2nd follow up req'd	Holywell Green Primary School	Children and Young Peoples	Sound	18/04/2023	6	Substantial	6	July 2023		Substantial	5	2nd FUF to be sent October 2023
	<b>Programmed Audits</b>											
2nd follow up req'd	Parking Services	Public Services	Sound	11/10/2022	1	Substantial	1		August 2023	Substantial	0	2nd FUF to be issued February 2024
final report issued	ICS Recharges	Adults Services and Wellbeing	Limited	10/01/2023	16	Limited	16	February 2024				
final report issued	Contracts & Procurement	Regeneration and strategy	Sound	30/03/2023	5	Reasonable	5		Underway			FUF issued 01/09/2023
final report issued	Transport Services	Public Services	n/a	02/05/2023	43	Limited	41	October 2023				
final report issued	Transport Services	Public Services	n/a	03/05/2023	43	Limited	41	October 2023				
new - exec summary	Transport Services (Executive Summary)	Children and Young Peoples	n/a	30/06/2023	6	Limited	6					Agreed actions to be followed up as part of SEND review in Q3/4
2nd follow up req'd	Fostering	Children and Young Peoples	Adequate	17/02/2023	12	Reasonable	12		June 2023	Reasonable	9	2nd FUF to be sent January 2024
final report issued	Blue Badges & Disabled Passes	Public Services	Sound	21/06/2023	2	Substantial	2	September 2023				
follow up issued	Miscellaneous Payroll Payments	Chief Executives	Sound	03/05/2023	7	Reasonable	7		Underway			FUF issued 14/08/2023 - reminder sent 04/09/2023
	<b>Advisory &amp; Consultancy</b>											
2nd follow up issued	Learning Disabilities Overspend	Adults Services and Wellbeing	n/a	04/04/2022	4	Reasonable	4	July 2022		Reasonable	1	Awaiting response to 2nd FUF issued 13/01/2023
2nd follow up issued	Missing Equipment and Inventory Register	Regeneration & Strategy	n/a	19/01/2023	4	na	4	May 2023		n/a	3	Awaiting response to 2nd FUF issued 15/08/2023
	<b>Corporate Governance</b>											
final report issued	Standards, Ethics, Legality	Chief Executives	Adequate	26/05/2023	4	Limited	4	October 2023				FUF delayed due to expected implementation dates of agreed actions
final report issued	Business Continuity 2023	Corporate	n/a	01/03/2023	8	Reasonable	8	January 2024				FUF delayed due to expected implementation dates of agreed actions
	<b>Information Technology</b>											
2nd follow up issued	Cyber Security	Public Services	Sound	09/08/2022	4	Substantial	4	March 2023		Substantial	2	Awaiting response to 2nd FUF issued 06/09/2023
	<b>Systems</b>											
	<b>Fundamental Systems</b>											
2nd follow up issued	Banking Key Controls	Chief Executives	Sound	24/11/2022	4	Reasonable	4	March 2023		Reasonable	3	Awaiting response to 2nd FUF issued 07/09/2023
2nd follow up req'd	Business Rates	Chief Executives	Adequate	02/02/2023	10	Reasonable	10	June 2023		Reasonable	3	2nd FUF to be sent December 2023
	<b>Physical Follow-up Audits</b>											
final report issued	Adult Care Charges Follow up	Adults Services and Wellbeing	Weak	24/11/2022	8	Limited	8	February 2024				

**CONTROL ENVIRONMENT ASSESSMENT RATING**

**Substantial Assurance** A sound system of governance, risks management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

**Reasonable Assurance** There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

**Limited Assurance** Significant gaps, weakness or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the audited area.

**No Assurance** Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage the risks to the achievement of objectives in the area audited.

It was agreed at the Audit Committee in February 2021, that Calderdale would start using the standard definitions as recommended by CIPFA, wef 1st April 2021. However, it was agreed that any audits concluded prior to that date would continue to show the previous definitions used by Calderdale. These are as follows:

**Sound** Key controls exist and are operating effectively, within the area examined to ensure that the risk of error or fraud is minimised. Other controls of the service under consideration are effective, contributing towards achieving the desired objectives.

**Adequate** Key controls are generally in place but are not as effective as they could be, within the area examined, increasing the risk of error or fraud occurring. Other controls are generally in place, but are not as effective as they could be in order to achieve the desired objectives of the service under consideration.

**Weak** Key controls are either not in place, or are ineffective to the extent that there is a high risk of error or fraud occurring. Other controls are either not in place or are ineffective reducing the likelihood of service objectives being fully achieved.

**N/A** Audit not done before or the audit objectives have significantly changed since last reviewed.

**RIPA REQUESTS**

Ripa requests received 2023/24 to date 0

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## CALDERDALE MBC

**WARDS AFFECTED: ALL**

## AUDIT COMMITTEE

**2 October 2023**

## LOCAL AUTHORITY GOVERNANCE FAILURES

### Report of the Interim Head of Internal Audit

#### **1 Issue**

- 1.1 The Local Government Act 1999 defines the best value duty as the obligation for a local authority to secure continuous improvement in its services having regard to economy, efficiency, and effectiveness. If a local authority is failing to meet this duty, Government, as a matter of last resort, is able to transfer the functions of the local authority away from its elected members and put them into the hands of appointed commissioners.
- 1.2 Since 2108 there has been a sharp increase in the number of instances where local authorities have either failed to deliver their best value duty or other serious governance failings have been identified. Public interest reports and statutory recommendations issued by external auditors, S151 Officers issuing Section 114 notices regarding failures to balance budgets and best value inspection reports issued by government appointed inspectors all set-out a range of governance failings.
- 1.3 It is important that the Council learns from the failings that have been reported. The Audit Committee, having the responsibility to oversee and monitor the Council's governance arrangements, needs to ensure that they are sufficiently robust so that governance concerns can be quickly identify and corrected.
- 1.4 In July 2023 the Government issued a consultation paper on proposed statutory guidance for local authorities on their best value duty and the intervention processes to be followed when that duty is at risk of not being met. The consultation paper sets out the characteristics of a well-functioning authority and indicators of potential failure across seven themes. The indicators of failure address a number of the issues that are highlighted in this report.

#### **2 Recommendations**

- 2.1 It is recommended that the Committee:
  - a. Consider the report and determine if they require any further information on any issues that it covers.
  - b. Request the Chief Executive to report prior to the audit committee that will be considering the draft 2023/24 annual governance statement, how the Council demonstrates compliance with the seven best value themes as set out in the Governments consultation paper on best value duty.

### 3 Governance failings identified

- 3.1 In June 2020 the Government published guidance on the lessons that can be learned from the six interventions<sup>1</sup> that occurred between 2010 and 2018. The report states that intervention was required due to failings in corporate governance, the lack of capacity to make improvement, widespread fraud and exploitation, failings in scrutiny and strategic financial management. The report also identified weaknesses in culture and governance to be a common characteristic in all the interventions.
- 3.2 The report suggests that the following are potential indicators of a local authority which has problems:
- lack of effective political and/or corporate leadership, including an overreliance on interim statutory officers.
  - a lack of corporate capacity, resulting in a lack of strategic vision and direction, and inadequate internal processes.
  - poor and inappropriate councillor conduct.
  - conflict and distrust among and between councillors and senior officers.
  - the absence of effective scrutiny, transparency and public consultation, including inadequate protections for whistle-blowers.
  - a lack of awareness and acceptance of the need for improvement; and insufficient capacity to achieve the change required.
- 3.3 Between August 2020 and January 2023 over 20 further instances of public interest reports/statutory recommendations, S114 notices and best value inspection reports have been issued. These identify a host of governance failings, including:
- Major financial decisions going unchallenged, borrowing disproportionate to overall assets. Insufficient regard to the level of risk that the Council was being exposed to.
  - Unrealistic medium term financial plans and budgets, supported by overly ambitious transformation programmes both in terms of savings and timescales.
  - The lack of Officer ability to understand and manage complex commercial activity.
  - Wholly owned companies having inadequate governance arrangements.
  - Major gaps in normal documentary evidence to support decisions and actions.
  - An absence of the right culture and understanding of the Nolan Principles.
  - Cross-party member relationships are poor leading to inappropriate behaviour at meetings.

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<sup>1</sup> Doncaster MBC 2010, LB Tower Hamlets 2014, Rotherham MBC 2015, Northamptonshire CC 2018, Birmingham City 2015, RB Kensington & Chelsea 2017.

- Deteriorating senior officer and senior member relationships over a number of years.
- Members not fully aware of their roles, weakness in challenge from scrutiny and audit committees.
- The views of statutory officers not given appropriate regard.
- Statutory officers needing to act in accordance with their statutory responsibilities.
- Procurement activities falling outside of the approved procurement processes.
- Significant amounts of money being spent without proper authorisation.
- Unlawful appointments of staff; unlawful employment termination payments.

#### **4 Government's response**

3.1 The Government has recently consulted on proposed changes to best value guidance. The guidance defines best value through seven overlapping themes.

1. Continuous improvement
2. Leadership
3. Governance
4. Culture
5. Use of resources
6. Service delivery
7. Partnerships & community engagement.

3.2 The consultation paper says, '... these seven themes represent the key areas where authorities should be able to demonstrate they are making effective arrangements to secure continuous improvement in the way in which its functions are exercised'.

3.3 The consultation paper includes a detailed description of the seven themes, including characteristics of a well-functioning local authority and indicators used to identify challenges that could indicate failure. These are set out at Appendix A.

#### **5 Current position**

5.1 The Corporate Leadership Team are aware of the issues that have been identified from governance reviews undertaken elsewhere. The February 2023 local government association corporate peer challenge report highlighted a number of governance strengths - including member/officer relationships, cross-party working, budgeting and partnerships – many of which had been identified as significant weaknesses in the best value reports from elsewhere.

5.2 The annual governance statement (AGS) already provides an open and honest account of the Council's governance arrangements. The AGS is prepared in accordance with principles set out in the 2016 CIPFA/SOLACE<sup>2</sup> Framework

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<sup>2</sup> Chartered Institute of Public Finance & Accountancy / Society of Local Authority Chief Executives.

(‘Delivering Good Governance in Local Government’). The draft 2022/23 AGS identified six issues of concern – four of which – project management, contracts and procurement, constitutional matters and policy management – are featured to some degree or other in the various public interest reports etc that have been issued.

- 5.3 To compliment the work that is undertaken to prepare the AGS it is suggested that a review of the Council’s position against the proposed seven themes of best value be undertaken. The review would be undertaken in two stages, with the findings being reported to the Committee at its December 2023 and February 2024 meetings. This would allow the Committee to receive additional assurance that processes and procedures are in place that support the statutory best value duty. The findings would also be reflected in the 2023/24 AGS.

## **6 Financial Implications**

- 6.1 There are no direct financial implications arising from this report.

## **7 Legal Implications**

- 7.1 There are no direct legal implications arising from this report.

## **8 Consultation**

- 8.1 The Chief Executive, Monitoring Officer and S151 Officer have been consulted. All comments received are reflected in the report.

## **9 Equalities Issues**

- 9.1 None arising directly from this report.

## **10 Conclusions**

- 10.1 Governance failings need to be identified and addressed as soon as they are suspected or become known. The Council must encourage and allow a high level of robust internal challenge. Introducing a review process the focuses specifically on the Council’s best value duty will allow the Committee to contribute to, influence, and ensure that robust governance arrangements are in place.

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For further information on this report contact:

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Email                      david.harwood@calderdale.gov.uk

The documents used in the preparation of this report are:

1. Department for Levelling UP, Housing & Communities.  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1167461/Best Value guidance subject to consultation.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1167461/Best_Value_guidance_subject_to_consultation.pdf)
2. Gov.uk website – <https://www.gov.uk/government/publications/addressing-cultural-and-governance-failings-in-local-authorities-lessons-from-recent-interventions>

3. Best Value Inspection reports  
Liverpool City Council, March 2021  
Sandwell Council, January 2022  
Thurrock Council, June 2023
4. S114 Notice – Slough Borough Council, July 2021
5. Public Interest Reports  
Pembrokeshire County Council, January 2022  
York City Council, April 2021  
London Borough of Croydon, January 2022  
Cheshire East Council, January 2023
6. Best Value Notice – Bournemouth Christchurch and Poole Council – August 2023

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
<b>1. Continuous improvement</b>		
<p>Making arrangements to secure continuous improvement in performance and outcomes is a core requirement for achieving best value.</p> <p>Any organisation with a duty of best value needs to make effective arrangements to secure continuous improvement in the way in which all its functions are exercised on an ongoing basis and at pace.</p> <p>These arrangements will include inviting independent external challenge and scrutiny, in the form of regular service specific as well as corporate or finance peer challenges, engaging with sector support initiatives on offer and informal experience sharing among peers.</p> <p>Local authorities should also have a sense of collective responsibility for the performance of the sector and help other authorities to improve.</p> <p>The Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Delivering Good Governance in Local Government Framework, along with the Centre for Governance and Scrutiny and Local Governance Risk and Resilience Framework can help authorities to identify, understand, and act on risks</p>	<p>There is an organisational-wide approach to continuous improvement, with frequent monitoring, performance reporting and updating of the corporate and improvement plans.</p> <p>There is some form of established transformation function or programme.</p> <p>The authority arranges a corporate or finance peer challenge at least every five years, acts promptly on any recommendations given, and publishes the report of that review and progress updates.</p> <p>The authority is willing to work with the external auditor to proactively identify areas for improvement and responds promptly and effectively to recommendations.</p> <p>Professional development and appraisal at all staff levels is built into day-to-day work, with poor performance identified, monitored and effectively addressed, and good performance recognised.</p> <p>The Annual Governance Statement, prepared in accordance with the CIPFA/ SOLACE Good Governance Framework, is the culmination of a meaningful review designed to stress-test both the governance framework and the health of the control environment.</p>	<p>A culture of denial and lack of openness to constructive advice and challenge.</p> <p>A lack of awareness and reluctance to acknowledge weaknesses and engage with the sector support on offer (such as no corporate peer challenge in the past five years or alternative external assessment).</p> <p>Evidence that attempts at improvement have not been effective over a sustained period of time.</p> <p>The Annual Governance Statement is not used as an improvement document, is developed by officers without member oversight, is not kept up to date and/or is generic in tone and content.</p> <p>Lack of engagement with and/or poor quality or non-existent member and officer training and development offer.</p>

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
to good governance.	<p>Innovation is encouraged and supported within the context of a mature approach to risk management.</p> <p>The authority shares a sense of collective responsibility for the performance of the sector and supports other authorities to improve</p>	

<b>2. Leadership</b>		
<p>Effective political and administrative leaders who have a clear vision and set of priorities for their area, are key to building local economic growth, social cohesion and a healthy local democracy.</p> <p>When they model positive and effective leadership behaviours at all levels, this can be beneficial to a local authority's overall culture and governance.</p> <p>It is essential that all officers with statutory responsibility, including the Section 151 and Monitoring Officers, uphold their duties, both individually and collectively and, in accordance with good practice, report directly to the Chief Executive and, as necessary, to full Council. Statutory officers must work effectively together, and all must have a voice for key decisions.</p> <p>An authority that either fails to recruit to its</p>	<p>Members provide quality leadership by setting a clearly articulated, achievable and prioritised vision for officers to follow that puts place and local people at its heart. Senior officers have the capacity and capability to provide the authority with effective strategic direction.</p> <p>The authority's corporate plan is evidence based, current, realistic and enables the whole organisation's performance to be measured and held to account. Strategic priorities are aligned with the authority's financial strategy and delivery arrangements, and respond appropriately to local need, including the plans of partners and stakeholders.</p> <p>Members and officers, particularly those with statutory responsibility, including the Section 151 and Monitoring Officers, uphold their duties and</p>	<p>A lack of corporate capacity or capability, resulting in a lack of strategic direction, oversight and sense of accountability.</p> <p>Leadership losing sight of the authority's role and function as a leader of place and provider or enabler of services to local residents and businesses.</p> <p>A lack of understanding of public sector standards, the Nolan Principles and appropriate behaviour.</p> <p>Corporate plan is out of date, unrealistic and unaffordable and/or has too many priorities.</p> <p>Poor ownership and accountability by the Section 151 Officer, leading to poor quality financial management.</p> <p>Section 151 and Monitoring Officers do not report directly to the Chief Executive or are not involved in key decisions.</p>

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
<p>statutory officer posts on a permanent basis over an extended period of time or has a high turnover in these roles indicates instability and potential wider cultural concerns.</p> <p>When this is compounded by many senior positions being appointed to on an interim basis over an extended period, this can signal a problem.</p>	<p>speak truth to power.</p> <p>Strong financial management and reporting runs throughout the whole organisation.</p> <p>Robust systems are in place and “owned” by members for identifying, reporting, mitigating and regularly reviewing risk.</p> <p>Effective succession planning, with the recruitment and nurturing of officers with the necessary skills, ensures organisational resilience.</p> <p>Members and senior officers maintain constructive relationships and engage effectively with external stakeholders and the wider local community.</p> <p>A demonstrable commitment to leadership development.</p> <p>The authority has moved from multiple to all-out elections within the four-year cycle, which has enhanced stability and reduced ongoing campaigning that can hinder improvement.</p>	<p>Risk management ownership and discussion is limited to the Audit Committee rather than across the organisation.</p> <p>A lack of political and/or organisational stability, with high leadership turnover, key posts remaining vacant or an overreliance on interim officers, creating a lack of continuity and/or decisions in the long-term interests of the authority.</p> <p>Leadership at both political and managerial levels is distracted and involved to an unhealthy extent on internal battles.</p> <p>The absence of both a fit for purpose and regularly reviewed people plan, procurement strategy and IT strategy.</p> <p>A loss of stakeholder and public confidence.</p> <p>A sense of insularity, a failure to tolerate internal or external challenge, and to recognise the need for improvement.</p>

<b>3. Governance</b>		
A well-run council will have clear and robust governance and scrutiny arrangements in place that	Effective procedures are in place and followed to ensure members and officers at all levels comply	Significant weaknesses identified in annual audit reports, and/or statutory recommendations or a

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
<p>are fit for purpose, appropriate to the governance arrangements adopted locally (executive/committee system), understood by politicians and staff alike and reviewed regularly.</p> <p>Decision-making processes, within clear schemes of delegation, should be transparent, regularly reviewed, clearly followed and understood, enabling decision-makers to be held to account effectively. There should also be evidence of the decisions following good public law decision making principles (reasonableness, proportionality, fairness, etc.).</p> <p>Codes of conduct and HR processes should be to sector standard and ensure effective support for whistle-blowers.</p>	<p>with the Nolan Principles and relevant codes of conduct and policies. This includes adequate protections and support for whistle-blowers.</p> <p>The authority's scrutiny function is challenging, robust and contributes to the efficient delivery of public services.</p> <p>Risk awareness and management informs every decision.</p> <p>Full Council alongside the Audit Committee takes an effective overview of the systems of control, audit and governance.</p> <p>Appropriate financial, commercial and legal expertise is obtained, including from external sources, and due diligence completed on any key or novel decision.</p> <p>Committees and individuals charged with governance have the appropriate experience, skills and expertise to perform their role.</p> <p>There is proper member oversight (as shareholders) of companies and partnership bodies, in accordance with the Local Authority Company Review Guidance and their existence is regularly</p>	<p>public interest report issued.</p> <p>Credible allegations of corruption or maladministration.</p> <p>Political or ideological activity by council officers visible.</p> <p>Key decisions are made in informal meetings and are not effectively recorded, leading to a lack of clarity on who is responsible for them.</p> <p>Decisions made without seeking appropriate advice.</p> <p>Political indecision, with key decisions not being fully implemented and/or decisions being frequently reversed.</p> <p>Scrutiny functions are undermined and there is a lack of pre-decision scrutiny.</p> <p>Internal audit does not meet PSIA standards and fails to consider identified high risks.</p> <p>Audit Committee's brief is too wide, meets infrequently, and its effectiveness is undermined.</p> <p>There are no meaningful risk registers at a corporate level and risks</p>

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
	<p>and independently reviewed.</p> <p>Performance management information measures actual outcomes effectively and is frequently interrogated.</p> <p>Lessons are learned from complaints.</p>	<p>are not owned by senior leaders. Risk registers appear to downplay some risks and lack action to mitigate risk.</p> <p>Performance management information is not consistently used, does not measure outcomes where relevant and underperformance is not effectively addressed.</p> <p>No independent oversight or members of relevant committees in accordance with good practice.</p> <p>Excessive secrecy and failure to accept councillors' right to know.</p> <p>Member/officer codes of conduct and arrangements for reviewing standards complaints, are not regularly reviewed.</p>

<b>4. Culture</b>		
<p>The culture of a local authority is determined by its shared values, ethics and beliefs, how decisions are made, as well as how elected members and officers behave, interact and carry out their roles.</p> <p>Political and administrative leaders that model strong and effective leadership are beneficial to a local authority's overall culture.</p>	<p>Members and officers promote and demonstrate the highest ethical standards and appropriate working behaviours through established shared values and ways of working.</p> <p>A culture of cooperation, respect and trust between and within members and officers exists, along with a commitment to transparent decision-making.</p>	<p>A widespread failure to follow due process, the constitution and codes of conduct.</p> <p>Risks are covered up rather than identified to protect reputations.</p> <p>Credible allegations of corruption or maladministration.</p> <p>The respective roles of members and officers, and the interface between</p>

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
<p>An agreed set of shared corporate values which are effectively implemented and modelled across the authority are also essential to maintaining positive organisational culture.</p> <p>The existence of an outward facing, transparent and open culture, where challenge is welcome and acted upon are indicators of a modern authority and is also essential for ensuring continuous improvement runs throughout the organisation.</p>	<p>Civil working relationships (and communication) between Group Leaders despite political disagreements.</p> <p>A commitment to promoting transparency and sharing information with the public.</p> <p>Respect for a councillor's right to know and enquire.</p> <p>The existence of a proactive and welcoming attitude to external challenge and scrutiny.</p> <p>Appropriate processes are in place to address issues such as harassment and bullying.</p> <p>An accessible whistleblowing policy, of which there is wide awareness and confidence that it will work.</p> <p>Demonstrable steps to engage openly and honestly with staff.</p>	<p>them, are rejected or misunderstood, and over-involvement of members in operational decisions or of officers in setting strategic political vision.</p> <p>A culture of bullying, distrust and broken relationships exists.</p> <p>The organisation is paralysed by a large number of procedural issues.</p> <p>Under- or non-engagement of the standards regime, with doubt cast on its credibility and legitimacy.</p> <p>Disciplinary and complaints systems are not deployed, leading to a sense that certain individuals can act improperly with impunity.</p> <p>High numbers of staff grievances and staff turnover due to morale issues.</p> <p>High numbers of standards complaints by members against members are upheld.</p> <p>Poor outcomes identified from staff surveys.</p> <p>A culture of secrecy and overuse of urgency arrangements, confidential or delegated action reports and a failure for such</p>

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
		<p>reports to be reported in a form which allows scrutiny.</p> <p>Members and officers have limited understanding of declarations of interest and of gift and hospitality registers, which are not monitored or regularly updated.</p> <p>A website that is difficult to navigate, where key documents are either missing or drafted in a way that information is inaccessible to the public.</p>

<b>5. Use of resources</b>		
<p>An authority must have in place and properly deploy an effective internal control environment to safeguard the use of resources, and clear and effective processes to secure value for money.</p> <p>It must have appropriate financial management, reporting and regulation arrangements in place, in accordance with CIPFA's Financial Management Code, to govern the strategic and operational management of its investments, funding, assets and companies.</p> <p>This includes ensuring it has the appropriate skills and capacity in place, commensurate with the complexity of its finances, using specialist expertise when needed.</p>	<p>The financial strategy and budgets are clearly aligned with strategic priorities and there is a robust process for reviewing and setting the budget.</p> <p>Human resources and fixed assets are managed efficiently and effectively.</p> <p>A robust system of financial controls and reporting exists, which provide clear accountability and ensure compliance with statutory requirements and accounting standards.</p> <p>Compliance with the Prudential Framework, a clearly presented Investment Strategy, Capital Strategy and Minimum Revenue Provision (MRP) policy exists.</p>	<p>Absence of a deliverable and clear medium-term financial plan, approved by the authority's Cabinet or finance committee (as appropriate) and full council.</p> <p>Consistent overspends, frequent use of virements, and no credible plan to reduce unaffordable debt and maintain sustainable finances, and recurrent non-delivery of savings plans.</p> <p>Avoidance of/failure to implement difficult budget decisions.</p> <p>No evidence of transformation to create efficiency savings.</p> <p>Inadequate reserves, savings not achieved and poor benefits realisation.</p>

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
<p>Authorities must appropriately comply with the Prudential Framework in making investment and borrowing decisions and not take on excessive risk. They should have effective systems for identifying, reporting, addressing and reviewing financial risk and have consideration of CIPFA's Financial Resilience Index.</p> <p>Investment decisions must have a commensurate level of scrutiny, transparency and approval to make sure that officers and members fully understand the risks.</p> <p>Financial management and reporting should be supported by robust financial systems, record keeping and quality assurance, with appropriate use of specialist expertise when needed.</p> <p>Authorities should respond to audit recommendations and address issues identified in a timely way.</p> <p>Capacity constraints should be identified and recruitment to fill key posts prioritised. Succession planning needs should be considered, with a longer-term view as to when there might be a gap in senior, experienced officers.</p>	<p>A clear strategy exists to maintain adequate reserves.</p> <p>There is collective accountability for the budget and medium-term financial plan, rather than a siloed approach to management.</p> <p>There are regular financial reports to Cabinet and training for all members on finance.</p> <p>Robust systems are in place to identify, report, address and regularly review financial risk.</p> <p>Sustainable, competitive corporate functions including procurement and IT which deliver value for money.</p> <p>The Audit Committee has the knowledge, skills and independent expertise to provide robust challenge and ensures effective controls are in place and issues addressed.</p> <p>The purposes of companies are carefully considered and regularly reviewed, with effective governance and oversight arrangements in place.</p> <p>Effective project management of projects to enhance governance and effective use of resources.</p>	<p>Consistent reliance on reserves to balance an outturn position.</p> <p>Unlawful or excessively risky borrowing and investment practices with no adequate risk management strategy in place for financial losses.</p> <p>Failure to manage the risks associated with companies.</p> <p>An authority that has issued a Section 114 Notice.</p> <p>Significant weaknesses identified in the annual audit report for financial sustainability, and/or statutory recommendations or a public interest report is issued.</p> <p>High dependency on high-risk commercial income for service delivery and balancing budgets.</p> <p>Non-compliance with accounting requirements regarding MRP.</p> <p>A finance function that is not fit for purpose owing to capacity or capability issues.</p> <p>Underinvestment in back-office services, which affects capacity and succession planning.</p>

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
		<p>Inefficient or uncompetitive procurement arrangements that do not deliver value for money.</p> <p>IT that is not capable of doing the job for which it is designed.</p>

<b>6. Service delivery</b>		
<p>Poor individual services can often be an indication of broader governance and financial weaknesses within an authority.</p> <p>Equally, corporate governance failure almost certainly will at some point negatively impact how services are delivered locally, in terms of missed opportunities or silo working and a failure to make strategic connections.</p> <p>Local authority data, the assessments of other government departments and service regulators, such as Oflog<sup>3</sup>, Ofsted<sup>4</sup>, the Care Quality Commission, Planning Inspectorate and the Local Government and Social Care Ombudsman, identify whether services are being delivered efficiently and effectively, and whether authorities are responsive to customer complaints. Authorities should provide</p>	<p>Service plans are clearly linked to a local authority's priorities and strategic plans – a golden thread that runs through to individual objectives and accountability.</p> <p>Service delivery is evidence-based, customer and citizen focused, and meet the needs of different groups within the community.</p> <p>The authority has an effective and accessible complaints process and provides appropriate redress.</p> <p>There are clear and effective mechanisms for scrutinising performance across all service areas. Performance is regularly reported to the public to ensure that citizens are informed of the quality of services being delivered.</p> <p>Procurement processes are economic, efficient and</p>	<p>Significant weaknesses identified in the annual audit report for economy, efficiency and effectiveness, and/or statutory recommendations or a public interest report issued.</p> <p>Critical reports from regulator, inspectorate and/or ombudsman show failings which may have resulted in intervention by other government departments. • Intervention from other government departments is not delivering results.</p> <p>A high level of complaints made to the Local Government and Social Care Ombudsman and/or an annual letter to the authority requesting action to improve with no associated action plan.</p> <p>Transformation is in name only. Opportunities for efficiency savings and</p>

<sup>3</sup> Office for local government

<sup>4</sup> Office for Standards in Education, Children's Services and Skills

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

Description	Characteristics of a well-functioning authority	Indicators of potential failure
<p>services at a comparable level to other authorities of a similar size and location when benchmarked.</p>	<p>ensure the outcomes of efficient contract procurement and management.</p> <p>The authority achieves the best balance of cost and quality, considering the resources available, in delivering services, having regard to economy, efficiency and effectiveness.</p> <p>The local authority takes an innovative approach when considering how services will be designed and delivered in the future.</p>	<p>improvements have not assessed in a meaningful way. Exotic or novel solutions are pursued that lack rigor or adequate risk appraisal.</p> <p>The approach to contracting and contract management is weak, resulting in poor quality public services that do not represent value for money.</p> <p>Excessive use of contract Standing Order waivers.</p> <p>Poor tracking of benefits realisation on service improvement.</p> <p>Services data suggests poor performance and outcomes compared to similar local authorities, e.g. adult social care quality of life score, planning applications completed to time.</p>

<b>7. Partnerships and community engagement</b>		
<p>Driving local economic growth, promoting social cohesion and pride in place is increasingly dependent on the effectiveness of partnerships and collaborative working arrangements with a range of local stakeholders and service users.</p> <p>Authorities should have a clear understanding of and focus on the benefits that</p>	<p>The authority provides effective leadership of place through its elected members, officers and constructive relationships with external stakeholders.</p> <p>An organisational culture exists that recognises the value of working with local partners to achieve more efficient and effective policy development, local economic growth and investment, better</p>	<p>Lack of appropriate governance in partnership arrangements.</p> <p>The authority shows weak ambition (or is overly ambitious) and fails to seize opportunities for building prosperity and opportunity for local people and businesses, promote social cohesion and pride in place.</p> <p>The authority does not</p>

**DLUHC July 2023 consultation  
Best Value Standards and Intervention**

<b>Description</b>	<b>Characteristics of a well-functioning authority</b>	<b>Indicators of potential failure</b>
<p>can be gained by effective collaborative working with local partners and community engagement in order to achieve its strategic objectives and key outcomes for local people.</p> <p>Appropriate governance structures should also be in place to oversee these arrangements, and the process of consultation and engagement should be inclusive, open and fair. An inclusive approach that accepts challenge is an indicator of a confident organisation.</p>	<p>services, and customer-focused outcomes.</p> <p>There is early and meaningful engagement and effective collaboration with communities to identify and understand local needs, and in decisions that affect the planning and delivery of services. In some cases, this involves co-design of services.</p> <p>Evidence of joint planning, funding, investment and use of resources to demonstrate effective service delivery, but transparent and subject to rigorous oversight.</p> <p>Partners and local residents are involved in developing indicators and targets and monitoring and managing lack of performance. The authority may be beginning to experiment with more participative forms of decision-making.</p> <p>The authority drives social and environmental value in their place through mechanisms like procurement and employment.</p>	<p>seek and consider feedback from citizens and service users on performance when developing improvement plans.</p> <p>Poor outcomes identified from resident or partner surveys.</p> <p>Poor or non-existent communication with partners on issues impacting on their business.</p> <p>Consultation is perfunctory with a focus on complying with statutory minimums.</p>

End

## CALDERDALE MBC

WARDS AFFECTED: ALL

## AUDIT COMMITTEE

2 October 2023

## UPDATE ON THE 2022/23 STATEMENT OF ACCOUNTS

### Report of the Director of Resources & Transformation

#### 1. Issue

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) issues annually the Code of Practice on Local Authority Accounting and related deadline for the completion of councils' Statement of Accounts.

#### 2. Need for a Decision

- 2.1 The purpose of this report is to highlight progress and outstanding actions with regards to completion of the 2022/23 Statement of Accounts.

#### 3. Recommendations

- 3.1 To note progress with the 2022/23 Statement of Accounts and the proposed timescales set out in the report.

#### 4. Background Information

- 4.1 CIPFA, through its Code of Practice on Local Authority Accounting, provides guidance to authorities to enable them to complete their Statement of Accounts each year in a standardised manner. However, over the years, updates to the Code (especially in terms of accounting policy, additional analysis and explanatory notes), have progressively added significant complexity to what was already a time-consuming task.
- 4.2 As previously reported, the extended timescale for accounts publication introduced during COVID was applied for the 2021/22 accounts with a deadline of 31 July 2022. A consultation in respect of the deadline for 2022/23 took place, but despite feedback from the sector supporting a continuation of the extended deadline, the conclusion was to maintain the 31 May deadline.

### 4.3 Update on Calderdale's Position

- 4.3.1 Progress on completing the Council's Statement of Accounts has been slower than originally anticipated. Recent turnover of experienced and knowledgeable staff and short-term capacity issues due to competing demands have presented workload challenges. The re-commencement of the 2021/22 audit during summer has also compounded these workload pressures.
- 4.3.2 Remedial action was taken in late spring to bring in an accountant experienced with council Statement of Accounts along with a secondment from a different team. The wider involvement and training of different staff by our interim as well as an organised and relatively long handover of duties and knowledge by the previous lead on the Statement of Accounts will help provide valuable resilience going forwards.
- 4.3.3 In terms of specific progress, the technical work to produce the financial statements has been completed with just some of the notes to the accounts still needing finalising. It is expected that the Draft Statement of Accounts will now be presented to Audit Committee at its next meeting.
- 4.3.4 As required by regulations, a Notice of Delay in the Publication of the Statement of Accounts and in the Commencement of the Public Inspection Period was published at the time of the original deadline. Members though should be reassured that the delay in finalising the Statement of Accounts does not affect the final budget position reported to Cabinet in July and nor does it impact on the Council's financial standing and resilience.
- 4.3.5 The deadline required by the Accounts and Audit Regulations for the completion of the audit of accounts for 2022/23 is 30 September 2023. The timescales for the audit work plan and completion remain subject to agreement with Ernst Young, following the completion of 2021/22 (which is the subject of a separate agenda item).

### 5. Options

- 5.1 The report is mainly for noting and comment by Members but it is felt that no further options need to be considered. The bulk of the work has been completed so bringing in additional support at this stage would add to the Service's costs and could be counterproductive in terms of taking up valuable staff time to train new external, temporary staff members.

### 6. Financial Implications

- 6.1 There are no direct financial implications arising from this report.

### 7. Equalities Issues

- 7.1 None arising directly from this report.

8. Conclusions

- 8.1 Finance staff have been working hard to manage all competing priorities and pressures and have made good progress given the issues highlighted above.
- 8.2 Whilst disappointed that the original, externally-set deadline was not met, the draft accounts will be completed in time for presentation to the next Audit Committee.
- 8.3 Valuable experience has been passed on from external help and the Team is in a stronger position for the future as our resilience and capacity have increased.

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FOR FURTHER INFORMATION ON THIS REPORT CONTACT:

Becky McIntyre, Director of Resources & Transformation [becky.mcintyre@calderdale.gov.uk](mailto:becky.mcintyre@calderdale.gov.uk)

DOCUMENTS USED IN THE PREPARATION OF THIS REPORT:

CIPFA Code of Practice on Local Authority Accounting

DOCUMENT AVAILABLE FOR INSPECTION: Online

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## CALDERDALE MBC

WARDS AFFECTED: ALL



AUDIT COMMITTEE – 2<sup>nd</sup> OCTOBER 2023

### REVIEW AND CHALLENGE OF STRATEGIC RISKS

#### REPORT OF THE HEAD OF INTERNAL AUDIT

#### 1. ISSUE

- 1.1 Members of the Audit Committee have previously received reports on individual strategic risks to give Members the opportunity for a more detailed review and comment on the risk. However, this has not occurred for some time and at the 31<sup>st</sup> August 2023 meeting of the Committee Members agreed that they would like the process of reporting individual strategic risks to be reintroduced.
- 1.2 Therefore, the strategic risk 'Risk 018 Unable to mitigate the impacts of climate change across the authority' is brought to Audit Committee to provide Members with the opportunity to review and challenge the actions in place to manage individual risks as appropriate.

#### 2. NEED FOR A DECISION

- 2.1 This report highlights the mitigating actions being taken by the council to manage this strategic risk. Members are asked to confirm they are assured that actions are in place to mitigate the risks.

#### 3. RECOMMENDATIONS

- 3.1 Members review and challenge the strategic risk presented with this report.
- 3.2 Members confirm they are satisfied with the risk actions.

#### 4. BACKGROUND

- 4.1 A key part of risk management is the dissemination of information across the council on how risks have been identified, assessed, and mitigated.
- 4.2 An integral part of this awareness raising is for officers with responsibility for managing individual strategic risks to report to Members of the Audit Committee giving Members the opportunity to consider these individual risks in more detail, including the mitigating actions, control mechanisms and action plans in place to manage those risks.

## 5. THE STRATEGIC RISK REGISTER

5.1 The Strategic Risk Register reflects those risks which affect the Council's ability to deliver its services and particularly the achievement of the Council's vision and transformation programmes. It is continuously reviewed to ensure that the register reflects the current strategic risks faced by the Council. The Strategic Risk reported to Audit Committee today currently has a risk score with controls in place of Significant (20).

## 6. STRATEGIC RISK. '018 Failure to address climate change across the authority.

6.1 A key part of the Council's ambition statement for Vision 2024 and its three core priorities is the delivery of climate action. This will be delivered through our contribution to the six strands of Calderdale's multi-agency Climate Action Plan (subject to approval by the Climate Action Partnership on 4 October 2023). They are: Influencing, Community Climate Action, Warm and Resilient Buildings, Green Economy, Transport, and Land and Nature. Actions that lower carbon emissions benefit people to live better lives in a healthier, greener, fairer Calderdale.

6.2 Burning fossil fuels releases dangerous, planet-warming gases. Fossil fuels have warmed the planet by more than 1°C above pre-industrial levels and altered the climate. In early 2019, Calderdale Council declared a climate emergency, setting the target of achieving Net Zero by 2038 with significant progress by 2030. We have made significant progress and have hit our historic target to reduce CO<sub>2</sub> emissions by 40% by 2020. However, we must go further and faster if we are to achieve our net zero ambition.

In 2021, Calderdale Council commissioned a study that looked at where carbon is coming from in Calderdale and what we need to do to reach Net Zero. This is Calderdale's Emissions Reduction Pathway (ERP). This technical study has allowed us to understand the scale of the challenge and recognise what we, as a borough, and the West Yorkshire region, need to do in the coming years.

6.3 The effects of climate change can be seen in the increasingly extreme weather patterns of high temperatures and intense rain fall. A failure to address this will lead to a series of impacts which include increased flooding, moorland fires, heat waves and water shortages, with consequent impacts on population health, the economy, biodiversity, supply chains, and demand for Council support services.

6.4 There is increasing evidence of the risks of not addressing pollution as part of climate change when a child's death in London was directly linked to the high levels of road pollution where they lived.

6.5 As part of the work on climate change there is a need to consider how the impacts of climate change can be mitigated through climate adaptation i.e., actions which can be put in place now to mitigate the future impacts of climate change. Yorkshire and Humber Climate Commission is working with Corporate Risk Managers from across the region to consider the impacts and how these can be mitigated with a view to

producing a Climate adaptation risk register. Feedback from the next group meeting will be given to Members of Audit Committee at the meeting.

- 6.6 The Lead Officer for this risk is Deborah Harkins, Director of Public Health who will attend the meeting to provide Members with further information with regards to the work being carried out by the council to manage this risk and will answer any questions which Members may have.
- 6.7 Full details of the triggers, consequences and actions for this risk are attached at Appendix A.

## **7. CONCLUSION**

- 7.1 The Strategic Risk Register is closely monitored to ensure that potential changes to the risks within the register continue to be identified and reported as individual risks to future meetings of the Audit Committee,

21<sup>st</sup> September 2023

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### **FOR FURTHER INFORMATION ON THIS REPORT CONTACT:**

**Martin Blower – Corporate Risk Manager**

**Email: [martin.blower@calderdale.gov.uk](mailto:martin.blower@calderdale.gov.uk)**

### **DOCUMENTS USED IN THE PREPARATION OF THE REPORT:**

Strategic Risk Register

Minutes of the Audit Committee

**Appendix A**

<b>CATEGORY 3.</b>	<b>Environment</b>				
<b>Risk 018</b>	Unable to mitigate the impacts of climate change across the authority				
<b>CLT Lead Officer</b>	Director of Public Health	<b>Risk Score with controls and actions in place</b>		<b>SIGNIFICANT 20</b>	
<b>Date Reviewed</b>	September 2023	<b>Risk Appetite score</b>			
<b>Risk Lead Officer</b>		<b>Direction of travel</b>		Increasing	
<b>Risk triggers</b>					
<p>The Council fails to reduce organisational carbon emissions targets and CO2 emissions in line with our policy commitments and the Air Quality Action areas fail to deliver their target reductions.</p> <p>Potential intervention actions such as renewable energy, public transport improvement, district heating, Better Homes Yorkshire and business Resource Efficiency Fund fail to progress / deliver at required scale, Government funding and policy to support climate change projects does not appear, or is inadequate in scale,</p> <p>Roadway improvements fail to deliver air quality targets</p>					
<b>Consequences</b>					
<p>There is an increased risk of climate impacts - particularly flooding, moorland fires, heat waves and water shortages, with consequent impacts on population health, the economy, biodiversity, supply chains, and demand for Council support services.</p> <p>Continued high levels of CO2 emission locally, nationally, and internationally put us on a trajectory for increased global warming and higher, stronger climate change impacts in Calderdale beyond 2024.</p> <p>Increased levels of dissatisfaction with local and national government as an increasingly climate aware population question why governments have been ineffective in the face of a crisis and the declared climate emergency.</p> <p>A lack of effective regulation / support could open the door to unscrupulous dealers peddling ineffective, expensive technologies as “solutions”.</p> <p>Poorly thought through climate policy could also have unintended consequences on business and individuals (e.g. simply increasing carbon tax as a way to encourage fossil fuel reduction would, without support schemes for low carbon transition, force more people into fuel poverty and push energy-heavy business into liquidation).</p>					
<b>Risk Score without controls</b>	<b>HIGH 25</b>	<b>LIKELIHOOD</b>	<b>HIGHLY LIKELY 5</b>	<b>IMPACT</b>	<b>HIGH 5</b>
<b>Controls in place</b>					
<p>Community Communications &amp; Engagement: Establish strong links with Community Groups; Business &amp; Young People / Schools as priority stakeholder groups to help us communicate and influence more widely in the Borough. Climate Action Training internally to CMBC staff. Community portion of the local Net Zero fund will support community work - proposed new local Community Fund for Calderdale endowment will both publicise and fund climate action.</p> <p>Travel and Transport: Introduction of electrical charging points for electric vehicles (EV); encouraging taxis and delivery vehicles to use hybrid / electric power; work with WYCA and LCR on EV strategy for the region and on transportation and public transportation strategy.</p> <p>Land Use &amp; Biodiversity Progress plans to plant trees on Council land, launch Sphagnum moss demonstrator project, continue to support community groups working on natural flood management, habitat restoration &amp; biodiversity.</p>					
<b>Risk Score with controls and actions in place</b>	<b>SIGNIFICANT 20</b>	<b>LIKELIHOOD</b>	<b>LIKELY 4</b>	<b>IMPACT</b>	<b>HIGH 5</b>

**Links with other risks** - The following are risk actions from other directorate and strategic risks which support/ influence the mitigation of this risk

012 Projects not delivered effectively

016 Regeneration not delivered across the authority

022 Lack of resources reduces the council's capacity to deliver

Continued

**Risk 018**

**Unable to mitigate the impacts of climate change across the authority (RISK DETAIL)**

Triggers	Consequence	Controls	Actions
<p>The Council does not reduce CO2 emissions or organisational carbon emissions targets in line with our policy commitments, UK and International efforts to achieve significant, fast cuts to CO2 emissions fail, Air Quality Action areas fail to deliver target reductions, Potential intervention actions such as renewable energy, public transport improvement, district heating, Better Homes Yorkshire and business Resource Efficiency Fund fail to progress / deliver at required scale, Government funding and policy to support climate change projects is insufficient. Roadway improvements fail to deliver air quality targets, Station Gateway project paused, Rising costs of Elland Rail Station project will affect the WY+TF contribution to road schemes,</p>	<p>Increased risk of climate impacts - particularly flooding, moorland fires, heat waves and water shortages, with consequent impacts on population health, the economy, biodiversity, supply chains, and demand for Council support services Continued high levels of CO2 emission locally, nationally, and internationally put us on a trajectory for increased global warming and higher, stronger climate change impacts in Calderdale beyond 2024 Increased levels of dissatisfaction with local and national government as an increasingly climate aware population question why governments have not been effective in delivering solutions in the face of a crisis and the declared climate emergency, A lack of effective regulation / support could open the door to ineffective, expensive technologies as “solutions”. Poorly thought through climate policy could also have unintended consequences on business and individuals (e.g. simply increasing carbon tax as a way to encourage fossil fuel reduction would, without support schemes for low carbon transition, force more people into fuel poverty and push energy-heavy business into liquidation).</p>	<p>Leadership: Cabinet Climate Change Committee and Climate Emergency Officer Forum established 2019 Analysis: Emissions Reductions Pathway Study 2021 sets out a zero-carbon roadmap. Calderdale Climate Action Plan - in development. Air Quality: Introduction of Air Quality Action areas Council assets – for estate, deliver Public Sector Decarbonisation Fund Project and internal use of the local £1m net zero fund. Future work needed to progress long term strategy. For vehicles, plan for future fleet replacement to clean fleet with associated charge point infrastructure as needed. Businesses: Re-Biz Resource efficiency fund for local businesses (WYCA) Housing: household energy improvements through the Better Homes scheme and other available funds (Green Homes Local Authority led project) Ensure that new homes are more environmentally friendly through the planning process. Prepare and adopt supplementary planning document (SPDs) to support the Local Plan. Street scene: implement Green and Healthy Streets policy to support modal shift and wellbeing.</p>	<p>Council assets – for estate, deliver Public Sector Decarbonisation Fund Project and internal use of the local net zero fund. Future work needed to progress long term strategy. For vehicles, plan for future fleet replacement to clean fleet with associated charge point infrastructure as needed. Work to explore how Ecological Emergency and Climate Adaptation work can integrate with Climate Emergency</p>

Continued

Triggers	Consequence	Controls	Actions
		<p>Community Communications &amp; Engagement: Establish strong links with Community Groups; Business &amp; Young People / Schools as priority stakeholder groups to help us communicate and influence more widely in the Borough. Climate Action Training internally to CMBC staff. Community portion of the local Net Zero fund will support community work - proposed new local Community Fund for Calderdale endowment will both publicise and fund climate action.</p> <p>Travel and Transport Introduction of electrical charging points for electric vehicles (EV); encouraging taxis and delivery vehicles to use hybrid / electric power, Work with WYCA and LCR on EV strategy for the region and on transportation and public transportation strategy Land, Land Use &amp; Biodiversity Progress plans to plant trees on Council land, launch Sphagnum moss demonstrator project, continue to support community groups working on natural flood management, habitat restoration &amp; biodiversity.</p>	

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## CALDERDALE MBC

**WARDS AFFECTED: ALL**

## AUDIT COMMITTEE

**2 October 2023**

## INTERNAL AUDIT PLAN 2023/24

### Report of the Interim Head of Internal Audit

#### 1. Issue

1.1 This report informs Committee of the proposed internal audit plan for the six-month period ending 31 March 2024 (Appendix 1).

#### 2. Need for a Decision

2.1 As Members of the Audit Committee are charged with the responsibility for governance, and in accordance with its terms of reference, Members are required to receive, consider and approve the Internal Audit Plan.

#### 3. Recommendation

3.1 It is recommended that the Committee approve the Internal Audit Plan for the six-month period ending 31 March 2024.

#### 4. Background information

4.1 The Accounts and Audit Regulations 2015 require that the Council ‘...must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance’.

4.2 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit (HoIA) to “establish risk-based plans to determine the priorities of internal audit activity, consistent with the organisations goals”.

In addition the PSIAS also require that the risk-based plan must

- take into account the requirement to produce an annual internal audit opinion;
- incorporate a strategic high-level statement of how the internal audit service will be delivered and developed and how it links to the organisation objectives and priorities;
- explain how internal audit’s resource requirements have been assessed; and
- include the approach to using other sources of assurance and any work required to place reliance upon those other sources.

Further, the HoIA must review and adjust the plan as necessary, in responses to changes in risks, operations, programs, systems, and controls.

## **5 Six monthly internal audit plans**

- 5.1 The audit plan is not a static document but needs to be able to reflect the changing risk and control environment. At the May 2023 meeting it was agreed that six monthly audit plans would be prepared.
- 5.2 There has always been a need to advance, defer, add or remove audit reviews throughout the year. Progressive internal audit teams are preparing internal audit plans on a monthly basis or even doing away with the formal audit plan process altogether. Whilst that is a step too far at the moment, it is proposed that a slightly more fluid planning approach is introduced by preparing the audit plan on a six-monthly basis (with a view to introducing quarterly plans in the future, supported by a nine-month rolling plan). The change is intended to ensure that the internal audit reviews undertaken are always the most relevant, rather than be taken from a pre-approved annual list.
- 5.3 Changes to the six-monthly internal audit plan will be agreed by the HoIA after consultation with the Director of Resources and Transformation and the Chair of the Audit Committee. They will also be reported to the Audit Committee.

## **6 Internal audit staffing**

- 6.1 A new Head of Internal Audit (HoIA) has been appointed and will commence in post on 22 November 2023.
- 6.2 As reported to the Committee in May 2023, it remains the case that the internal audit team continues to carry two vacancies. This will give the new HoIA the opportunity to review the current internal audit team structure. The internal audit plan that has been proposed will be delivered by the current internal audit staff.

## **7 Financial implications**

- 7.1 The internal audit service budget and current resources are sufficient to deliver the audit plan.

## **8 Legal implications**

- 8.1 The Accounts and Audit Regulations 2015 require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account PSIAS.

## **9 Consultation**

- 9.1 The Corporate Leadership Team has been consulted.

## **10 Equality issues**

- 10.1 None arising directly from this report.

## **11 Conclusions**

11.1 The internal audit plan is a key element of the Council's governance framework. The introduction of a six-month plan will allow internal audit to be more responsive to the needs of Services.

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**For further information on this report contact:**

David Harwood - Interim Head of Internal Audit  
email – david.harwood@calderdale.gov.uk

**Documents used in the preparation of the report:**

1. Internal Audit Plan 2022/23
2. Corporate risk register
3. Directorate risk registers

## Calderdale MBC

### Internal Audit plan

#### October 2023 to March 2024

The Internal Audit plan for the period October 2023 to March 2024 has been prepared in accordance with the Public Sector Internal Audit Standards (PSIAS). The PSIAS require Internal Audit to provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment and that the opinion should inform the annual statement of assurance on corporate governance (AGS). The plan has been developed to take account of this requirement and reviews of corporate governance, risk management and operational controls are to be undertaken as well as the more traditional financial areas.

All the risks present in the risk register as 31 August 2023 have been included within the 'audit universe', although not all of those risks, when considering the service issues identified or alternative assurance available, require review. Audits that have clear links to risks within the risk register are identified in the audit plan and audits in these areas will consider the effectiveness of the controls that are in place to manage the risks identified.

At the time of preparing the audit plan it is envisaged that all the audits contained in the plan will be undertaken. The identification of any new risks or significant changes to residual risks may require changes to the proposed plan so as to ensure that reviews are undertaken of areas identified as being of greatest risk to the achievement of the Council's objectives. The Director of Resources and Transformation and Chair of the Audit Committee will be informed of all changes. Changes to the plan will be retrospectively reported to the Audit Committee.

The internal audit annual assurance opinion will be based primarily upon the findings of the reviews carried out. Independent external assurance from other sources will also be considered.

In addition to undertaking the audits detailed in the plan, time is also available for internal audit to provide advice and assistance to managers as well as a range of other tasks, such as fraud investigations. The outcomes from this work will also inform the annual assurance opinion.

David Harwood  
Interim Head of Internal Audit  
September 2023

## Internal Audit Plan 2023/24

<b>Children and Young People's Services</b>	
School audits (7 planned)	Review of governance, financial management and administration procedures within the school.
Children's homes / short stay	To review the financial procedures that are in place across the Council's four children's home (Cousin Lane, Hebble Lodge, Linden Brook & Field Heights). This area was last reviewed in 2019.
Special education needs or disability (SEND).  The regulations relating to SEND are set out in the Children and Families Act 2014 and the Code of Practice produced by the Department for Education and Department for Health.	The Council's SEND team supports children and young people with additional needs throughout their education.  This audit will focus on the provision of parental choice for schools, funding of placements and contracts/service level agreements, and provision of transport services.
<b>Chief Executive's Office</b>	
Performance management	To review the performance management system in place across the Council. Examining how the strategic aims, objectives and goals as set out in the Council Vision filter down to an individual level, via service plans/business plans and performance targets.
Equality, diversity & cohesion	The Council agreed six equality objectives in 2021 to meet the provisions of the Equality Act 2010. This review will consider the progress that is being made to delivery against those objectives.
<b>Regeneration and Strategy</b>	
Grants to voluntary services	In February 2023 Cabinet approved the voluntary sector grant programme for 2024 to 2029 and the procurement and recommissioning process to be followed. The annual grant budget is £932k. This review will examine the current grant programme to assess how outcomes are currently measured, the tangible benefits that have been delivered and form a view as to whether the funding is delivering good value.
Delivery of a specific capital scheme	One scheme will be selected from the capital programme and be reviewed in detail – from scheme need and approval through to on-site working and payments.

<b>Corporate/Council Wide</b>	
Apprenticeships & apprenticeship levy	To review the controls in place to manage the appointment of apprentices (policies, recruitment, training and payment to training providers, retention) and the calculation of the apprenticeship levy.
Use of consultants	To identify how widespread the use of consultants is across the Council and then, if required, undertake a review that examines the initial assessment of need and decision to appoint consultants; the procurement process including consideration of IR35 regulations, the management of consultancy contracts; how the consultants expert advice has been taken into account in the decisions reached; and post-implementation review and consideration of overall value for money.
Use of agency staff	This review will consider the processes and procedures in place to manage the appointment of agency staff. This will include the agency staff request process, starter/leave arrangements, mandatory training, operation and monitoring of contractual arrangements with third party providers and payment processes.
Disclosure & barring checking arrangements	This review will consider how the Council's disclosure and barring policy is being delivered across all service areas. This will include the identification of posts that require a DBS check, pre-appointment recruitment checks, on-going checks and decision making.
Use of surveillance activities	Officers within the Council have not made a request to undertake covert surveillance under the Regulation of Investigatory Powers Act 2000 for a number of years. This review will identify the surveillance activities that are being undertaken to ensure that all being performed lawfully.
Compliance with the local government transparency code 2015	The code sets out the minimum requirements for the Council to publish open data for reuse. This review will consider the Council's compliance with the code and the extent to which it exceeds the minimum requirements.
<b>Financial systems</b>	
Accounts payable	Fundamental system audit to ensure the Council has procedures in place to ensure that payment fraud is minimised. This to include a review of the controls in place over the creation of new suppliers and amendments to supplier details, payments being made for goods or services not received, and the identification and recovery of duplicate payments.
Collection of business rate debt	Strategic risk 009 – budgetary control. One of the risk triggers associated with risk 009 is the

	'reduction in income particularly business rates due to poor income recovery...'. A recent suspected fraud has highlighted the need to review the processes that are in place for the collection of business rate debt. This review will examine the processes in place for the collection of business debt, and the range of debt collection measures that are being used.
Budget and capital monitoring	To review the procedures in place for the regular monitoring of both the revenue and capital budget and reporting of the same to Members.

In addition to the assurance that will be provided on the areas listed above, work will also be undertaken across the following areas:

- counter fraud initiatives, including investigations of allegations of fraud, updating the counter fraud strategy, reviewing national fraud initiative data matches and performing a fraud risk assessment
- undertaking financial evaluations of potential suppliers
- reviewing external grant claims for correctness prior to submission
- providing help and advice to managers
- follow-up reviews of agreed audit actions introduced
- supporting the work of the Audit Committee through the delivery of training and preparation of the annual governance statement and local code of corporate governance

If any of the audits in the plan are unable to commence, then an audit from the following list (which will be regularly reviewed and updated) is likely to be undertaken.

- Delivery of plan to address issues arising from the LGA Peer Review.
- Management of social value requirements in procurement activity.
- Monitoring of schemes delivered through Section 106 agreements.
- Governance/financial arrangements re wholly owned Council companies.
- Direct payments – children.
- Contract management arrangements.

## Training and Development

The effectiveness of internal audit is dependent upon the quality and experience of its staff. A formal performance and development scheme is being introduced based around the model recommended by CIPFA <sup>1</sup>. It is envisaged that the development needs for the internal audit team will be identified by December 2023. A training programme will then be prepared and agreed with colleagues in Workforce Development.

## Other sources of assurance

When preparing the internal audit annual opinion, the HoIA will take into account reports and opinions that have been prepared by independent external third parties (e.g. external audit).

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<sup>1</sup> Chartered Institute of Public Finance & Accountancy

Corporate Leadership Team have been requested to provide details of all external reviews etc have been commissioned or received during the current financial year. The internal audit plan will be adjusted to ensure that internal audit and external reviews aren't undertaken across similar service areas.

End

## CALDERDALE MBC

### WARDS AFFECTED: ALL

### AUDIT COMMITTEE

2 October 2023

### AUDIT COMMITTEE WORK PLAN and ACTIONS LOG

#### Report of the Interim Head of Internal Audit

#### 1 Issue

- 1.1 This report contains at Appendix 1, the Audit Committee's work plan for the next 12 months. Appendix 2 details the current actions log.

#### 2 Need for a Decision

- 2.1 As Members of the Audit Committee are charged with responsibility for governance, it is important that they are informed in advance of issues that will arise during the year and for which they will be required to make decisions. They also need to be aware that actions they have asked to be taken forward have been actioned as required.

#### 3 Recommendations

- 3.1 It is recommended that the Audit Committee:

(a) Consider and approve the work plan for the next 12 months; and

(b) Review the actions log and consider what, if any, further action they wish to take in respect of the actions listed.

#### 4 The Work Plan

- 4.1 The work plan has been prepared to allow for the Committee's business to be evenly spread across the year, but also ensure that reports that require formal approval are considered at the appropriate time so as to allow the Council to meet statutory deadlines, e.g. approval of the draft Statement of Accounts and Annual governance Statement.

- 4.2 The work plan contains all known issues that will need to be considered by the Committee. Changes to the work plan will be made as and when required. The work plan has been checked against the Committee's terms of reference to ensure that all its areas of responsibility are included.

#### 5 Actions Log

- 5.1 The actions log has been updated to reflect the new decisions taken at the July 2023 meeting. It has been agreed by the Chair. Closed actions have been removed.

## **6 Financial Implications**

6.1 There are no direct financial implications arising from this report.

## **7 Equalities Issues**

7.1 None arising from this report.

## **8 Conclusions**

8.1 A work plan allows for forward planning and enables Members to be updated of issues to be considered at future meetings. The updated actions log gives Committee reassurance that actions they have requested are being completed.

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For further information on this report:

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Documents used in the preparation of this report:

1. Audit Committee Timetable
2. Audit Committee Minutes

## Audit Committee workplan

The following standing items will be considered at each Audit Committee meeting.

1. Member review of a specific internal audit report (agreed March 2011).	Service managers to attend to discuss the internal audit report's findings and progress with the introduction of agreed actions.
2. Internal audit tracking report	Summary report setting out progress with the delivery of the internal audit plan and follow-up reviews.
3. Audit Committee actions log.	To allow the Committee to monitor the progress made to introduce their formal recommendations and other agreed actions, a progress update will be presented at each meeting.
4. Adult Social Care Charges (agreed July 2023).	Committee asked that an update be presented to each meeting until such time they were satisfied that the agreed internal audit actions had been introduced.
5. Member review of individual strategic risks (agreed July 2023).	<p>Service managers to attend to discuss strategic risk register entries, narrative, scoring and effectiveness of mitigation.</p> <p>The Head of Internal Audit to decide which risk shall be presented to Committee for review. After considering the number of items on the agenda, the Chair and Head of Internal Audit shall use their discretion as to whether or not this report will be included on a meeting agenda or not.</p>

## Audit Committee workplan

<i>Report to be considered</i>	<i>Commentary</i>
<b>December 2023</b>	
<b>Head of Finance</b>	
Annual governance statement significant governance issues	Progress report on the items raised as significant governance issues in the 2022-23 annual governance statement.
<b>Head of Finance</b>	
2023-24 treasury management half year report.	Constitutional requirement for the Committee to receive a mid-term report on treasury management activities.
<b>Head of Internal Audit</b>	
Risk management six-month progress report.	Report on risk management procedures within the authority.
Changes to the internal audit professional standards and impact upon the Audit Committee. <sup>1</sup>	New global internal audit standards are due to be introduced in 2024. They will impact the role of the audit committee.

<sup>1</sup> This report will only be presented if the new professional standards have been published. Otherwise it will be postponed to a later meeting.

## Audit Committee workplan

<i>Report to be considered</i>	<i>Commentary</i>
<b>February 2024</b>	
<b>Head of Legal and Democratic Services</b>	
Audit Committee Terms of Reference	Review of the current terms of reference to ensure they meet best practice requirements.
Project management developments	Progress made to deliver the project management actions contained in the 2022-23 draft annual governance statement.
<b>Head of Finance</b>	
Effectiveness of financial management arrangements incl. compliance with the CIPFA Financial Management Code.	Terms of reference requirement.
Business Planning – progress report (Agreed August 2022).	Audit Committee have requested they be kept informed of the progress made regarding the introduction of service business plans.
<b>Head of Internal Audit</b>	
Internal audit plan – April to September 2024.	Brief details of the internal audit plan for the first six months of the year.
Internal audit plan – progress report.	Progress report on work completed and issue of note.
Audit Committee skills assessment	Outcome of skills assessment for Audit Committee members with action plan.
Risk management - Directorate risks	Report on risk management within the Authority.

## Audit Committee workplan

<i>Report to be considered</i>	<i>Commentary</i>
<b>May 2024</b>	
<b>Head of Legal &amp; Democratic Services</b>	
Review of the Council's local code of corporate governance.	Substantive changes to the local code are be highlighted in the covering report.
2023-24 draft annual governance statement.	Requirement of the Accounts & Audit Regulations 2015.
<b>Head of Internal Audit</b>	
Audit Committee effectiveness.	Report summarising the outcome of the Audit Committee's self-effectiveness review.
2023-24 Audit Committee annual report to Council.	As required by the Audit Committees terms of reference.
Head of Internal Audit's annual report and opinion.	Requirement of the public sector internal audit standards.
2023-24 risk management annual report.	Report to provide assurance that risk is being appropriately managed across Services.
2023-24 countering fraud annual report.	Report to provide assurance that counter fraud activity is appropriate, and the results that the authority's countering fraud activities have achieved.

**Audit Committee workplan**

<i>Report to be considered</i>	<i>Commentary</i>
<b>July 2024</b>	
<b>Head of Finance</b>	
2023-24 treasury management annual report.	Constitutional requirement for the Committee to receive an annual report on treasury management activities.
<b>Head of Internal Audit</b>	
Directorate and strategic risk registers.	Report on risk management within the authority

## Audit Committee workplan

### October 2024

#### Head of Legal & Democratic Services

Annual Governance Statement - significant governance issues.

Progress report on the items raised as significant governance issues in the 2023-24 Annual Governance Statement.

#### Head of Finance

Update on Financial Management Code (FMC).

Update Audit Committee on the position with regards to compliance/adherence with FMC

#### Head of Internal Audit

Internal audit plan – October 2023 to March 2024 and April to August 2024 progress report.

Summary details of the internal audit plan for the second six months of the year together with a half-year progress report on work completed.

Risk management - Directorate risks

Report on risk management within the Authority

#### Future agenda items not yet assigned to a meeting date

2022-23 external audit results report (ISA260).

Approval of the 2022-23 annual governance statement (expected at the same meeting as approval of the 2022-23 statement of accounts).

2023-24 external audit planning and audited statement of accounts.

## Audit Committee - Actions Log

Meeting date	Action required	Officer responsible	Current position
30 May 2023			
1	A report on the progress made to deliver the project management actions set out in the annual governance statement be presented to the February 2024 meeting.	Interim Head of Internal Audit	Action not yet due.
2	The Chief Executive consider how the Annual Governance Statement and review of effectiveness should be undertaken in future years.	Chief Executive	To be consider ahead of the preparation of the 2023/24 AGS and Local Code of Corporate Governance.
3	An updated, final copy of the 2022-23 annual governance statement be presented to the meeting at which the audited 2022-23 Statement of Accounts are to be considered.	Head of Finance	Action not yet due.
4	A report on the costs associated with the major capital projects across the Borough be presented to the July meeting.	Interim Chief Finance Officer	No report on costs was presented to the July meeting. An internal audit review has been completed. The interim Head of Finance to circulate the internal audit report to Members ahead of the October 2023 meeting.
31 July 2023			
5	A report on adult care charges be included as a standing item on the agenda until such time that the Committee are satisfied with the changes that have been introduced.	Interim Head of Internal Audit	Completed - The work programme has been amended to reflect the 'standing item' decision.

## Audit Committee - Actions Log

Meeting date	Action required	Officer responsible	Current position
6	The Head of Legal & Democratic Services to provide an explanation as to why there was a delay to 'signing off' the adult care charges policy.	Head of Legal & Democratic Services	The charging policy is a complex and highly sensitive set of documents that will directly impact people in receipt of care and support, families/carers and the wider Calderdale community. At this time when the cost of living continues to be of significant concern for many people, Adult Social Care and Wellbeing services are committed to ensure that key forums prior to formal consultation, such as H&SC scrutiny are fully informed, and comments taken on board as required. This has resulted in a delay that it is hoped, will ease concerns across a range of parties.
7	The internal audit report on transport services to be considered at the October 2023 meeting.	Interim Head of Internal Audit	Director and Asst Director invited to attend.
8	The Head of Legal and Democratic Services be requested to amend the Constitution to specifically exclude Cabinet Members from being appointed to the Audit Committee.	Head of Legal & Democratic Services	A question mark remains over whether the Head of Legal & Democratic Services has the delegated authority to make the change to the membership of the Committee without recourse to Council.
9	The Interim Head of Finance undertake the necessary recruitment processes that would lead to the appointment of a second independent person to the Committee.	Interim Head of Finance.	An advert has been placed. An update on the responses received and next steps will be provided to Members at the October meeting.
10	An annual report on countering fraud be added to the Committee's workplan.	Interim Head of Internal Audit	Completed.

## Audit Committee - Actions Log

Meeting date	Action required	Officer responsible	Current position
11	The Chief Executive consider how the review of the Local Code of Corporate Governance should be undertaken in future years. (Linked to issue 2 above).	Chief Executive	To be considered, with any changes implemented, ahead of the Committee's 2024 review of the Local Code of Corporate Governance.
12	Head of Internal Audit and Corporate Risk Manager be requested to reintroduce the "Review of Individual Strategic Risks" and submit to each future meeting, one risk from the strategic risk register for more detailed review and consideration.	Interim Head of Internal Audit	The Committee's workplan has been amended to reflect this requirement.  After considering this proposal it is suggested that for those meetings that have lengthy agendas, the Chair and Head of Internal Audit use their discretion in deciding whether or not a strategic risk should be considered at every meeting.
13	The Head of Internal Audit submit a report on "aspects of the town centre office strategy" to the October 2023 meeting of the Committee.	Interim Head of Internal Audit	The internal audit report was circulated to Members of the Committee on 7 September.
14	The internal audit tracking report be amended so that it details when follow-up reviews are to be undertaken or have been completed and the results of that work.	Interim Head of Internal Audit	Completed. The report presented to the October 2023 Committee has been amended.
15	A report on the findings from the work undertaken by Commissioners appointed to oversee local authorities be presented to the October 2023 meeting.	Interim Head of Internal Audit	Completed.

Audit Committee - Actions Log

Meeting date	Action required	Officer responsible	Current position
16	The risk appetite statement be presented to a future meeting once it has been agreed.	Interim Head of Internal Audit	

End

## CALDERDALE MBC

**WARDS AFFECTED: ALL**

## AUDIT COMMITTEE

**2 October 2023**

### **Additional Member Selected Internal Audit Report**

#### **Report of the Interim Head of Internal Audit**

#### **1. Issue**

- 1.1 At Members request an item was added to the internal audit plan to consider aspects of the town centre office strategy. The internal audit has now been concluded and information in respect of the outcome and agreed actions are presented in this report.

#### **2. Need for a Decision**

- 2.1 Reviewing individual internal audit reports gives the Committee the opportunity to consider, challenge and review both the work of the Council's Internal Audit service and the subsequent actions taken by management to address agreed internal audit actions.

#### **3. Recommendations**

- 3.1 That Members in noting the internal audit reports, and management responses to the actions identified, consider whether they wish to take further action.

#### **4. Background Information**

- 4.1 The Audit Committee agreed in March 2011 that if they so wished, one or two internal audit reports would be presented to the Committee for review and discussion. The appropriate Officers would be asked to attend to discuss the report's findings and answer questions.
- 4.2. At the request of the chair of the Audit Committee, it has been agreed that the funding for the redevelopment of Princess Buildings as part of the Town Centre Office Strategy internal audit review will also be discussed during this Audit Committee meeting.
- 4.3 An executive summary of the report has been prepared. The summary includes the overall audit opinion, findings, risks, agreed actions, along with their implementation dates.

#### **Funding approval for the redevelopment of Princess Buildings as part of the Town Centre Office Strategy (Appendix A)**

- 4.4 This audit was given a 'limited' opinion and contains 5 agreed actions in total.

4.5 The formal follow-up of this internal audit report is due to be undertaken at the end of November 2023, where evidence will be sought that agreed actions have been implemented.

4.6 The officer responsible for implementation of the actions is Director of Resources and Transformation, who will be in attendance at the meeting to update Members.

## 5. **Options**

5.1 The Committee have the choice as to whether or not to consider none, one or two internal audit reports at their meetings. Reviewing internal audit reports contributes to the Committee's understanding of the internal audit process and how actions are agreed and implemented.

## 6. **Financial Implications**

6.1 There are no direct financial implications arising from the reporting of this internal audit.

6.2 The scope of the internal audit includes financial governance and makes a recommendation to report the total project cost against approved budget to Cabinet in November 2023, as part of the Q2 capital update report.

## 7. **Equalities Issues**

7.1 None arising directly from this report.

## 8 **Conclusions**

8.1 Providing Members with a selection of internal audits contributes towards their understanding of the internal audit process.

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For further information on this report contact:

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Documents used in the preparation of this report:

1. Internal Audit Reports – Funding approval for the redevelopment of Princess Buildings as part of the Town Centre Office Strategy



Internal Audit Report: • **Funding approval for the redevelopment of Princess Buildings as part of the Town Centre Office Strategy**

Internal Audit Opinion: • **Limited assurance**

Actions agreed: • **5 action(s) agreed.**

Report issued to: • **Director of Transformation and Resources,**  
• **Interim Chief Finance Officer,**  
• **Members of the Audit Committee, in accordance with agreed protocol,**  
• **Portfolio Holder for Resources,**  
• **Finance Manager.**

Date report issued: • **24 August 2023**

Planned follow up to be undertaken: • **30 November 2023**

# FUNDING APPROVAL FOR THE REDEVELOPMENT OF PRINCESS BUILDINGS AS PART OF THE TOWN CENTRE OFFICE STRATEGY

## EXECUTIVE SUMMARY CONTENTS

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## **EXECUTIVE SUMMARY**

### **1. INTRODUCTION**

- 1.1 At Members request an item was added to the internal audit plan to consider aspects of the town centre office strategy. The internal audit has now been concluded and information in respect of the outcome and agreed actions are presented in this report.
- 1.2 The opinion was formed following a review of Council and Cabinet agendas, reports, and formal minutes and discussions with relevant Officers.
- 1.3 Princess Buildings was one element of the Town Centre Office Strategy (TCOS) programme, which initially also included seven further projects .
- 1.4 The total TCOS approved budget was £15.373m. The spend to date is £18.112m which is £2.73m over the budget. The contract final account for Princess Buildings has yet to be agreed therefore the final outturn is yet to be finalised.
- 1.5 A planned formal follow up is scheduled to be undertaken by Internal Audit in terms of the 5 agreed actions in relation to the funding approval for the redevelopment of Princess Buildings as part of the Town Centre Office Strategy at the end of November 2023. Evidence will be sought to verify the implementation of actions.

## 2. AUDIT OPINION

2.1 Overall, the control environment relating to the finding approval for the redevelopment of princess buildings as part of the town centre office strategy was found to provide Limited Assurance.

2.2 The factors which lead to the level of assurance were as follows: -

Area of Audit	Level of Assurance	
Capital Reporting	Limited	
Approved Funding	Limited	
Capital resources/receipts	Limited	
Contractor's final account	Limited	

## 3. SCOPE OF THE REVIEW

3.1 The scope of the internal audit review was agreed with the Interim Chief Finance Officer. It excluded all project management aspects of the delivery of the TCOS.

## 4. MAIN FINDINGS

4.1 The audit identified that of the four areas under review, all of these areas were considered to have gaps, weakness, or areas of non-compliance where improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the audited area (paragraph 2.2 refers).

4.2 The main findings were as follows: -

- a) The reporting of costs and requests for additional funding to Members regarding the refurbishment of Princess Buildings (as part of the TCOS) are unclear. It has hindered member's ability to challenge costs,
- b) The total TCOS approved budget was £15.33m. There is currently an unapproved overspend on the TCOS of £2.7m. The Final Account for Princess Buildings has yet to be agreed, so the final out-turn position is not yet known,
- c) The earmarking of future capital receipts or capital resources to reduce the costs in relation to Princess Buildings on a retrospective basis, were not always evidenced within the committee meeting minutes to show the approval/confirmation given.

## 5. MAIN RISKS

5.1 The main risks identified from the audit findings were as follows: -

- a) Additional funding for the scheme was not adequately approved by financial regulations,
- b) Officers may have been acting beyond their delegated powers,
- c) Reports presented to members did not clearly highlight the overspend so allowing them to robustly challenge costs,
- d) Reporting of the wider TCOS programme may lead to individual cost centres (e.g., Princess Buildings), not being reported in a clear and transparent manner.

## **6. RECOMMENDATIONS SUMMARY**

- 6.1 The Action Plan, which shows the agreed actions, and the management response can be found at paragraph 7.1.
- 6.2 In conclusion, this area of financial reporting and governance is a priority for the new Director of Transformation and Resources to address and as such, a verbal update will be provided on the progress of the agreed actions at the meeting.

## 7. ACTION PLAN

### 7.1 Report Recommendations, Issues, Agreed Actions, and implementation dates.

No.	Issue	Recommendations	Agreed Actions
1	Ineffective capital reporting to Cabinet & Council.	Requests for formal approvals of funding/resources should be submitted to the committee who, as per their terms of reference in the Constitution, have the appropriate authority to properly consider and deal with the matter.	The agreed actions, 1-4 respectively will be introduced immediately.  <b>Officer responsible:</b> Director of Resources and Transformation
2		To avoid misinterpretation, Committee reports should contain recommendations that are clear and unambiguous. Explanation should be included in the body of the report that clearly supports and explains the recommendations that are being put forward.	
3		The use of SMART recommendations should be considered.	
4	Un-approved use of earmarked Capital Receipts/Resources.	Formal decisions and all agreed recommendations should be clearly documented and evidenced in committee meeting minutes.	
5	Outstanding final account.	The current estimated final account position for Princess Buildings and the current overspends of £2.7m on the TCOS be reported to Cabinet in September 2023.	

			<b>To be implemented by:</b> Director of Resources and Transformation Date – November 2023.
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End

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