

Summary of Key Audit Findings for Quarter 4 2022/23

The Capitol - Bar and Catering

- 1.1 The Capitol is an arts and cultural venue in Horsham town centre, owned and operated by the Council. The bar and catering function within the venue was previously outsourced and has recently been brought back in-house.
- 1.2 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
- All income due is received and banked appropriately.
 - Assets are appropriately safeguarded.
 - Secure arrangements are in place to manage cash handing processes.
- 1.3 Overall, we provided an opinion of **Minimal Assurance** over the control environment.
- 1.4 A total of two high and five medium risk priority actions were identified, and the following improvements have been agreed with management:
- All invoices for purchases will be subject to second approval from the Venue Manager.
 - An independent permanent member of management will carry out regular stock takes which will be recorded. In addition, a monthly stock take report will be checked and signed off by the Venue Manager.
 - Reasons for wastage have now been created on the Electronic Point of Sale system. Administration errors and discrepancy reasons within a stock will be recorded within the monthly stock report. Trends and patterns to mitigate loss will be recorded within the monthly stock report.
 - Surplus and/or deficit on the cash float will be recorded on the reconciliation sheet with an explanation. Any surplus float will be banked.
 - Any refunds issued by staff will be limited to £50, and a refund report will be run on a weekly basis to reconcile refunds made by bar staff.
 - Training for bar staff, with manual handling and slips trips and falls, will be implemented.
- 1.5 There is considerable reliance upon temporary staff to run this relatively small operation, and there is also limited management capacity available to manage the establishment. It is acknowledged, therefore, that it would be impractical to implement the same levels of control that would be expected for a larger multi-purpose arts venue. With value for money in mind, a proportionate approach has been taken when agreeing actions with the responsible Head of Service, and after careful consideration, the control actions have been fully endorsed by the Senior Leadership Team.
- 1.6 We will undertake a follow-up audit during 2023/24 to ensure that the actions agreed with management have been implemented.

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Parking Income

- 1.7 Car parking revenue is an important income stream for the Council. In 2021/22, this amounted to approximately £4.5m (excluding grants) for on and off-street parking, parking permits, and penalty charge notices (PCN's).
- 1.8 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
- There are secure and effective cash banking processes in place for all parking income.
 - Regular reconciliations are undertaken to ensure that all parking income is collected and banked, and any discrepancies are promptly investigated.
 - There is effective monitoring of income trends to help identify theft, machine breakdown or other anomalies.
 - External contractors involved with the collection of car parking income are performing in accordance with contract and service requirements.
 - Payment machines are properly maintained.
- 1.9 Overall, we were only able to provide an overall opinion of **Partial Assurance** over the control environment.
- 1.10 The following improvements to controls have been agreed with management as a result:
- All cash discrepancies above £5 will be investigated by the Parking Services team.
 - The service will ensure that they hold copies of all five contracts covering the cash collection of parking income. Regular monitoring of performance and review meetings will then be implemented.
 - Weekly monitoring of the payments made to the Council, from the cash collection services, will be carried out to ensure the balance owed to the Council is paid over within the agreed timeframe.
 - Improvements to the recording and monitoring of machine faults will be made to assist management in monitoring repairs.
 - A service level agreement will be incorporated into the new maintenance contract to ensure that a service engineer attends all multi storey car park machine faults, within a reasonable timeframe.
- 1.11 We will undertake a follow-up audit during 2023/24 to ensure that the actions agreed with management have been fully implemented.

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Fleet Management

- 1.12 Fleet management is the organisation and coordination of business vehicles. It refers to all the actions that need to take place to keep a fleet running efficiently, on time, and within budget. It is the processes used to monitor fleet activities and make decisions about asset management, dispatch and routing, and vehicle acquisition and compliance.
- 1.13 Horsham District Council currently has a fleet of 61 vehicles. This includes: 7 cars, 24 light commercial vehicles (LCVs) and pickups, 23 refuse collection vehicles (RCVs) and 7 specialist vehicles, such as sweepers.
- 1.14 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
- There is an overarching strategic fleet management plan in place, and this links in with the strategic objectives of the organisation.
 - Robust arrangements are in place, and working effectively, regarding the acquisition and disposal of fleet vehicles.
 - Policies and procedures on the management and use of the fleet vehicles are adequate, and these are followed at a departmental level.
 - There is compliance with the national legislative requirements concerning fleet management.
- 1.15 We were only able to provide an opinion of **Partial Assurance**, with the following improvements having been agreed with management:
- The service will produce a Fleet Management Strategy, which will include some key performance indicators which will help the Council to achieve its long-term objectives.
 - As part of the Fleet Management Strategy, the Service will include guidance in respect of the process for procuring and disposing of vehicles.
 - The Transport Manager will ensure that information provided to the Finance team to update the Fixed Asset Register is reviewed and includes all vehicles currently on site. Any changes to the fleet throughout the year, sales or acquisitions, will be notified to Finance once the transaction has been completed.
 - The Transport Manager has confirmed there is a process in place for undertaking vehicle checks and reporting defects. This process will be documented to help ensure consistency of approach.
- 1.16 We will undertake a follow-up audit during 2023/24 to ensure that the actions agreed with management have been implemented.

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Accounts Payable

- 1.17 Accounts Payable (AP) is the system utilised by the Council to make payments to its creditors or suppliers.
- 1.18 The Accounts Payable Team is responsible for the processing of payments to suppliers using the Technology One (T1) system, which is the Council's main financial system.
- 1.19 Between 1 April 2022 and 15 December 2022, 6,827 invoices with a total value of approximately £110m had been paid, for goods received; services rendered and precepts on behalf of Parishes; West Sussex County Council; and the Police. The amount paid in precepts was approximately £81.6m.
- 1.20 The primary purpose of this audit was to provide assurance that controls are in place to meet the following objectives:
- Orders are only raised for goods, works and services that are needed by the Council.
 - Invoices are only paid for goods, works and services that are needed by the Council.
 - All payments are made to the correct vendors, for the correct amounts, at the right time and only for goods, works or services ordered and received satisfactorily by the Council.
 - Only vendors that meet the needs of the Council, and that do not already exist in the accounting system, are set up and their details are maintained accurately.
 - Transactions in the Accounts Payable System are completely and accurately transferred to, and reflected in, the General Ledger.
- 1.21 Based on the work carried out, we have been able to provide an opinion of **Reasonable Assurance**, with a small number of improvements having been agreed with management in the following areas:
- The Finance department is working on updating the guidance and promoting the use of purchase orders.
 - Finance will continue to monitor the KPI for *invoices paid on time* and, where necessary, provide additional training to departments.
 - A third-party supplier will be engaged to undertake a check for duplicate payments during 2023/24.

Accounts Receivable

- 1.22 Accounts Receivable is the system used for ensuring that all income due to the Council is collected effectively and efficiently, banked promptly, and is correctly accounted for.
- 1.23 Between 1 April 2022 and 31 December 2022, 25,635 invoices were raised to a value of £15.75m, offset by 436 credit notes, with a total value of £1.75m.
- 1.24 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
- All income generating activities are identified and accurately raised to customers.

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- A customer account maintenance process is in place and operating effectively.
- Amendments to invoices are correct and authorised.
- Collection and debt recovery is managed efficiently and effectively and resources are focused on areas of priority debt.
- Writes-offs are processed accurately and correctly authorised.
- Payments are received and recorded against the correct debtor account in a timely manner.
- Reconciliations between the Accounts Receivable system and the General Ledger are undertaken on a regular basis.

1.25 Overall, we have been able to provide an opinion of **Reasonable Assurance** over the controls operating within the area under review. There was one notable improvement agreed with management, which related to the prompt recovery of Community Infrastructure Levy (CIL) monies. It was agreed that regular meetings will take place between the Finance Team and Planning Team to discuss overdue debts and the action being taken to recover them.

Land Acquisition and Disposal

- 1.26 Land and property are a major resource for the Council. The efficient and effective use of these resources is vital in achieving the Council's strategic aims and objectives. Property and land owned by the Council are the responsibility of the Property & Facilities Team.
- 1.27 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
- A robust and comprehensive procedure is in place for identifying land and/or property to acquire and dispose of.
 - An established framework, policy and procedures are in place for property and land acquisitions and disposals to ensure compliance with all relevant legislation, regulations and the Council's Constitution.
 - Adequate financial monitoring and reporting is in place to ensure all committed expenditure is accounted for.
- 1.28 We have been able to provide an opinion of **Reasonable Assurance** over the controls operating within the area under review.
- 1.29 Roles and responsibilities for the approval of property and land acquisitions, and disposals, are clearly documented in the Council's Constitution.
- 1.30 There is a process in place for the identification of land and/or property for acquisition or disposal with collaboration and input between the Property & Facilities Team, Legal Team, Finance Team, and external surveyors to ensure these meet corporate objectives and due diligence is undertaken.

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- 1.31 Legal requirements for land and property acquisitions and disposals are known, understood and complied with. All transactions are recorded on the case file/management system; have their own unique reference; documentation and correspondence is saved against each case/transaction; and cases are closed as soon as reasonably practicable following completion of the transaction.
- 1.32 Financial monitoring and reporting is in place to ensure capital assets are accurately recorded, revalued, and depreciated as required to feed into the capital programme. In addition, insurance cover is adequate and annual reassessments ensure changes to the property portfolio are included.
- 1.33 There was one medium priority finding, and it was agreed that a Land and Property Acquisitions and Disposals procedure will be produced. This will contain the necessary detail to enable an officer to follow the correct processes and complete these transactions in line with the Council's Constitution.

Hop Oast Depot Cultural Compliance Follow-up

- 1.34 An opinion of minimal assurance was previously provided in respect of the 2019/20 audit of the Hop Oast Depot. As part of our planned work for 2022/23 we agreed with management to undertake a follow up review of this audit.
- 1.35 The control objectives from the original review were:
- To ensure management has put in place appropriate arrangements for monitoring delivery of the service and assessing its performance and effectiveness.
 - To ensure that there is an adequate budget setting and monitoring process in place and that appropriate measures are taken in a timely manner to address budget pressures.
 - To ensure that expenditure is only incurred for legitimate Council business and is in line with the relevant procurement process.
 - To ensure that where chargeable services are delivered, appropriate prices are set and regularly reviewed and that all income attributable to the work undertaken by the service is invoiced correctly.
 - To ensure there is effective staff supervision and performance management including administration of staff development and well-being in accordance with the Council's procedures.
 - To ensure that assets purchased for the Council are held securely and are appropriately managed.
- 1.36 Overall, we found that the department complied with the majority of corporate policies and procedures we reviewed. Therefore, we have been able to provide a revised opinion of **Reasonable Assurance** over the controls operating within the service as:
- Out of 17 agreed actions from the 2019/20 report, 15 have been implemented.

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- One new finding was identified around budget monitoring and forecasting and consequently the service will make arrangements to work more closely with the Finance Team. This will assist with financial management.
- Where it is not possible to raise a purchase order in advance, all manual workshop orders for £2k and above will now be approved (and evidenced) in advance of the order being placed.
- An area for improvement was identified concerning stock checks. The Transport Manager will carry out a physical stock check at a different time to the check undertaken by the external company. An end of year stock certificate for consumables will be completed.

Business Waste Follow-up

- 1.37 Business waste (now referred to as 'commercial' waste) is any waste that comes from commercial activity. The Council offers a commercial waste service, and service costs include the provision of appropriate containers, removal and disposal of commercial waste, and advice on the legal responsibilities of the business.
- 1.38 The purpose of this audit was to follow-up the agreed actions from the 2020/21 audit, in which we gave an opinion of partial assurance. Testing did not cover those controls which were found to be satisfactory during the previous review. The previous control objectives for the original audit were:
- There are effective and comprehensive policies and procedures, and an approved business strategy is in place that reflects relevant legislation.
 - There are appropriate monitoring and reporting mechanisms in place to manage performance.
 - Formal contracts or agreements are in place with all customers.
 - There are appropriate financial controls in place which ensure that the service generates a surplus or breaks even.
- 1.39 Overall, of the nine actions from the previous review, only one has been fully implemented; one is no longer applicable; and seven have been partially implemented. A number of the actions that were agreed with management were dependent upon the implementation of a customer portal system, which during the course of this audit had been delayed by the supplier, and therefore, the actions had not been fully implemented. However, overall, we are able to provide a revised opinion of **Reasonable Assurance** over the controls operating within the area under review as short-term compensatory controls have been implemented. The following actions are outstanding:
- A new module is due to be implemented which will enable the Bartec system to generate annual Waste Transfer Notes (WTNs) and contracts to customers, and automatically suspend the accounts if these documents are not received within 30 days of being sent out. This will also enable greater accuracy in reporting.
 - In 2023/24 performance indicators will be introduced, which will be reported to the Commercial Waste Board: Percentage of Waste Transfer Notes (WTNs) received; and customer satisfaction.

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Business Premises Food Inspections

- 1.40 There are currently around 1,400 business premises registered, that statutorily require a periodic inspection. During 2021/22 there were 486 premises inspected by a team of five officers.
- 1.41 The Environmental Health Service at Horsham DC was the first to implement the Agile software system in the country. The software was purchased in the full knowledge that it hadn't been tested or fully adapted for food inspections within a council.
- 1.42 The purpose of the audit was to provide assurance that a control framework and key processes are in place and working as expected to meet the following objectives:
- Ensure that there is a process in place for scheduling regular but random inspections of premises, which are carried out in accordance with a planned inspection programme.
 - Ensure that the Food Hygiene Rating System is operating effectively & in accordance with government guidelines.
 - Ensure that appropriate records and databases are maintained for the management and control of food and premises inspections which are compliant with data protection legislation.
 - Ensure that up to date policies and procedures are in place, which detail processes to be followed and ensure that Foods Standards Agency requirements are covered.
 - Ensure that processes and procedures in place to monitor the quality of inspections and performance of officers carrying out inspections.
- 1.43 As a result of our work, we were able to provide an opinion of **Reasonable Assurance** in this area. We found that although inspections had fallen behind, due to the Covid-19 pandemic, the service is predicting that they should be back up to date by October 2023. This is due to regular and random inspections of all food establishments being carried out in accordance with a planned inspection programme. Our testing found that the Food Hygiene Rating System is operating effectively and in accordance with the current government guidelines. Furthermore, an independent quality review of all ratings is routinely undertaken by the service.
- 1.44 Some areas were identified to help further improve the overall controls in place, which included measures to:
- Carry out a thorough review of all premises transferred, via data migration, onto the new system. This will ensure all premises within the Horsham area can be identified for food safety inspections.
 - Ensure GDPR and Data Protection regulations are not breached by securing all paper records pending the implementation of handheld tablets for inspections.
 - Update documented policies and procedures for the team, which will be saved on the team's shared drive.
 - Put into place a contingency report, to enable the completion of the Food Standard Agency's statutory annual return.

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Surveillance Cameras Follow-up

- 1.45 The Protection of Freedoms Act 2012 (PoFA) introduced the regulation of public space surveillance cameras in England and Wales. As a result, a surveillance camera code of practice was issued by the Secretary of State through the Surveillance Camera Commissioner to ensure that the use of cameras in public places is regulated and only used in pursuit of a specified purpose.
- 1.46 A Surveillance Cameras audit was completed in 2021/22 and we provided an audit opinion of partial assurance. As part of our planned work for 2022/23 we had agreed with management to undertake a follow up review of this audit.
- 1.47 The primary purpose of this audit was to follow-up the agreed actions, this was completed with regard to the control objectives from the original audit:
- Deployment of surveillance camera systems in public spaces is effective, proportionate, and transparent.
 - The use of new and existing surveillance camera systems complies with the Surveillance Camera Commissioner's code of practice.
 - Personal information captured from surveillance camera systems are managed in accordance with the requirements of GDPR and the Data Protection Act.
- 1.48 Overall, we have been able to provide a revised opinion of **Reasonable Assurance**. From the original audit report, we followed up eight agreed actions, and were provided with the necessary evidence to confirm that five of those actions have been fully implemented and are operating in compliance with the Surveillance Camera Code of Practice. Two of the actions from the original audit have been partially implemented, and one low priority action has not yet been implemented. It has been agreed that the following improvements will be actioned by the end of June 2023:
- The Information Governance Officer will progress those Data Protection Impact Assessments that are incomplete, some of which were in draft stage at the time of our follow up review, ensuring that these are completed by collaborating with the responsible officers.
 - Signage/Privacy Notices will be improved at the Capitol venue.
 - CCTV users will be reminded of their operational responsibilities in terms of equipment functionality.

ANPR (Automatic Number Plate Recognition) Computer Application

- 1.49 The Automatic Number Plate Recognition (ANPR) car park system is in place to allow for card and contactless payments, it also allows users to manage day permits and season tickets. An additional key benefit of the system is that it reduces entrance and exit queues to car parks.
- 1.50 The system includes pay stations, cameras, barriers, back-office support, and various payment options for four Council car parks. Remote management was a key benefit of the new system as was an improved customer experience.
- 1.51 Circa £3.2 million has been collected through the system in the period April 2022 to February 2023, of which £2.8 million was through card transactions.

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- 1.52 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
- System access is restricted to appropriately authorised individuals and the permissions provided to those users are in line with job functions.
 - Data processed through interfaces is authorised, accurate, complete, securely processed and written to the appropriate file.
 - Outputs produced by the system are complete, accurate, reliable, distributed on time and with confidentiality where appropriate.
 - System updates and enhancements are performed in a consistent manner and subject to sufficient testing and authorisation before implementation.
 - Appropriate support arrangements are in place to manage changes within the system.
- 1.53 Based on the testing undertaken, we have been able to provide an opinion of **Reasonable Assurance** over the controls operating within the area under review because:
- The system is managed by an accountable person who takes on the role of the system owner. They are the point of contact with the system provider and take on the role of system administrator when setting up new users and completing requests for additional information and reports.
 - Since the audit began, regular meetings with the system provider are now in place. This has provided additional support and knowledge to the system administrator which has helped to make improvements to the system.
 - The system provider has recently started to notify the Council of any system changes and improvements via a 'portal'. This will allow the system administrator to review and evaluate these and communicate any changes to key users prior to the change being applied.
- 1.54 A few medium priority findings were raised, and the following improvements have been agreed with management:
- The system supplier will be contacted to request that the system is configured to enforce regular password changes and change of password on initial log-on.
 - The system supplier will be contacted to request that the number of unsuccessful log-in attempts are restricted. Will also check the feasibility of whether a report of unsuccessful log-in activity is available, which could then be regularly reviewed to identify any suspicious activity.
 - The system permissions will be reviewed with the system provider to ensure all users have the minimum permission levels required to undertake their duties.

Parks and Countryside (Corporate Compliance) Follow-up

- 1.55 An opinion of partial assurance was provided in respect of the 2020/21 audit of the Parks and Countryside service. As part of our planned work for 2022/23 we agreed with management to undertake a follow up review of this audit. This follow up review did not cover controls which were found to be satisfactory during the previous review.

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- 1.56 The control objectives from the original review were:
- To ensure management has put in place appropriate arrangements for monitoring delivery of the service and assessing its performance and effectiveness.
 - All key activities undertaken by the team are conducted in accordance with the Council's policies and procedures and comply with basic internal controls.
 - Robust management arrangements are in place and all members of staff are subject to appropriate management and supervision.
 - Expenditure is only incurred for legitimate Council business and is in line with the relevant procurement process.
- 1.57 We were able to provide an opinion of **Substantial Assurance** with all previously agreed actions now implemented.
- 1.58 There were just a few areas where the control environment could be improved which related to reviewing the departmental risk register to ensure it captures new and emerging risks that relate specifically to the Parks and Countryside service. Also, reminders will be sent, as appropriate, to new members of staff to complete declarations of interest forms when they join the Council.