



Internal Audit

**FINAL**

Appendix 2a

## South Lakeland District Council

Assurance Review of Budgetary Control

**2021/22**

January 2022

## Executive Summary

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

6 - Medium Term Financial Planning – delivery of a balanced budget

### SCOPE

The review considered the arrangements in place for setting the budget and the medium term financial plan. The review also considered the arrangements for monitoring financial performance through management accounts and reporting. This review forms part of the rolling three-year programme of key financial and governance audits.

### KEY STRATEGIC FINDINGS



Several procedure notes are available to assist Officers in the budgetary control process. These should be updated to reflect the current establishment.



The Strategic Risk Register includes the expected risk of the delivery of a balanced budget. The risk is reviewed at least quarterly.



Testing confirmed that the Council is complying with its Financial Procedure Rules relating to budgetary control in all material respects.



Training sessions are held periodically relating to the budgetary control process. Officers involved in the process are appropriately qualified.

### GOOD PRACTICE IDENTIFIED



The Financial Procedure Rules include proper provisions for budget monitoring and reporting, including that all budgets be assigned to a budget holder.



A detailed Budget Monitoring and Setting Timetable spreadsheet is used to help ensure that all reporting deadlines are met throughout the year.

### ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0      | 0         | 3       | 0           |

## Assurance - Key Findings and Management Action Plan (MAP)

| Rec. | Risk Area | Finding   | Recommendation  | Priority | Management Comments | Implementation Timetable (dd/mm/yy)            | Responsible Officer (Job Title) |
|------|-----------|---|---|----------|---------------------|--|---------------------------------|
| 1    | Directed  | A folder of procedure notes is available on SharePoint which include procedures on Budget Module Setup and an Integra General Ledger Guide. The Guide includes a section on monthly budget monitoring reports. The Council has undergone recent changes to its establishment. The Guide was last updated in September 2018 and includes references to posts that no longer exist. | Procedure notes be updated to reflect the current establishment.  | 3        | Accepted.           | To be updated by 31 <sup>st</sup> January 2022 | Claire Chouchoulas              |
| 2    | Directed  | The Council's website has a page headed Financial Planning which provides a link to the Medium Term Financial Plan. The link directs to the MTFP for 2018/19 to 2023/24. At its meeting on 27 <sup>th</sup> July 2021, Council approved the MTFP for 2021/22 to 2026/27.  | The link to the Medium Term Financial Plan on the Financial Planning page of the Council's website be updated to reference the current version of the MTFP. | 3        | Accepted.           | To be updated by 31 <sup>st</sup> January 2022 | Helen Smith                     |

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

| Rec. | Risk Area | Finding   | Recommendation  | Priority | Management Comments | Implementation Timetable (dd/mm/yy)          | Responsible Officer (Job Title) |
|------|-----------|---|---|----------|---------------------|--|---------------------------------|
| 3    | Directed  | Paragraph 4 of the Financial Procedure Rules states that reports will be submitted to the Management Team, Cabinet and Council quarterly on the Council's projected income and expenditure compared with the budget. The previous Assurance Review of Budgetary Control, issued in September 2018, included a recommendation that this Paragraph be complied with, rather than the existing practice of showing only projected out-turn. The Financial Services Manager responded at the time that each quarterly report will not be amended to disclose projected income and projected expenditure separately, rather than netting these off to show only out-turn projection. | Paragraph 4 of the Financial Procedure Rules be clarified to confirm that a reference in quarterly budget monitoring reports to "Outturn Projections" refers to and complies with the Rules' requirement to show "projected income and expenditure compared with the budget". | 3        | Accepted.           | To be updated by 31 <sup>st</sup> March 2022 | Helen Smith                     |

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

## Operational - Effectiveness Matter (OEM) Action Plan

| Ref   | Risk Area | Finding | Suggested Action | Management Comments |
|---|-----------|---------|------------------|---------------------|
| No Operational Effectiveness Matters were identified. |           |         |                  |                     |

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.



Internal Audit

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Appendix 2b

## South Lakeland District Council

Assurance Review of COVID-19 Grant Schemes

**2021/22**

January 2022

## Executive Summary

| <b>OVERALL ASSESSMENT</b>   | <b>KEY STRATEGIC FINDINGS</b>   |         |             |         |             |   |   |   |   |
|---|---|---------|-------------|---------|-------------|---|---|---|---|
|    | <ul style="list-style-type: none"> <li> Testing supported that the Council has properly managed and administered the various Covid-related business grant schemes in line with Government guidance.</li> <li> All events relevant to the determination of the grant claims should be summarised and captured within the software that was used to manage the claims.</li> <li> The risk of fraudulent applications was mitigated using appropriate measures, including site visits, data validation techniques and local knowledge.</li> <li> When requiring the applicant to self-certify eligibility, all eligibility criteria relevant to the grant should be requested of the applicant.</li> </ul> |         |             |         |             |   |   |   |   |
| <b>ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE</b>  | <b>GOOD PRACTICE IDENTIFIED</b>   |         |             |         |             |   |   |   |   |
| <p style="text-align: center;">21 – Accountable Body for large value schemes</p>  | <ul style="list-style-type: none"> <li> The use of relevant, reliable software greatly assisted in the management and administration of the various Covid-related grant schemes.</li> <li> The Council responded promptly and appropriately to the issued Government guidance and adapted its software accordingly to accommodate any new pronouncements.</li> </ul>  |         |             |         |             |   |   |   |   |
| <b>SCOPE</b>  | <b>ACTION POINTS</b>  |         |             |         |             |   |   |   |   |
| <p>SLDC has been responsible for distributing Government grants and support during the pandemic. The review considered the management and administration of the various grant schemes that have been in operation in response to the pandemic, including the assessment of eligibility and the measures in place to mitigate fraud.</p> | <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="background-color: #003366; color: white;">Urgent</th> <th style="background-color: #003366; color: white;">Important</th> <th style="background-color: #003366; color: white;">Routine</th> <th style="background-color: #003366; color: white;">Operational</th> </tr> </thead> <tbody> <tr> <td style="font-size: 24px; font-weight: bold;">0</td> <td style="font-size: 24px; font-weight: bold;">2</td> <td style="font-size: 24px; font-weight: bold;">0</td> <td style="font-size: 24px; font-weight: bold;">0</td> </tr> </tbody> </table>   | Urgent  | Important   | Routine | Operational | 0 | 2 | 0 | 0 |
| Urgent  | Important   | Routine | Operational |         |             |   |   |   |   |
| 0   | 2   | 0       | 0           |         |             |   |   |   |   |

## Assurance - Key Findings and Management Action Plan (MAP)

| Rec. | Risk Area | Finding   | Recommendation   | Priority | Management Comments   | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title)              |
|------|-----------|---|--|----------|---|-------------------------------------|--|
| 1    | Directed  | The software used by the Council to manage and administer the Covid grants includes a series of tabs to aid navigation. One such tab is named Notes and provides a summary of the key events for each claim, such as: application date; date reviewed; name of reviewer; and decision date. It also contains additional events such as queries raised by team members prior to the final decision. It was determined that not all such ad-hoc events were retained within the software, but rather were carried out informally, such as through emails or phone calls between Officers. | All events relating to grant claims, including ad-hoc or more informal queries and in-team discussions and determinations, be summarised and captured within the software. | 2        | <i>Due to the high volumes of applications being dealt with during these grant schemes and the pressure from Government and businesses to roll out the grants in a timely manner, it is accepted that not all advice offered between colleagues was recorded through the Notes function. Any ad-hoc advice will be registered through the Notes tab by the validating officer, along with details of the advising officer. It remains standard practice that where a validation officer is wholly unsure on the eligibility of the applicant, that the application is reallocated to a senior officer for validation.</i> | 01/01/22*                           | Gareth Candlin<br>(Specialist Services Lead) |

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

| Rec. | Risk Area | Finding  | Recommendation   | Priority | Management Comments  | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title)              |
|------|-----------|--|--|----------|--|-------------------------------------|--|
| 2    | Directed  | The software used by the Council to manage and administer the Covid grants includes a confirmation of eligibility section, to be signed electronically by the applicant. From a review of related Government guidance and local policies, it was noted that this section does not include the complete list of eligibility criteria. | All grant-eligibility criteria listed within Government guidance or local policy be included in the applicant's self-certification of eligibility. | 2        | <i>All applicants were given sight of the eligibility criteria for each scheme prior to applying for a COVID-19 business grant, and all grants were validated internally against the given criteria. We will ensure that all eligibility criteria as per Government guidance and, where appropriate, local SLDC qualifying policy under discretionary schemes, are fully listed under the Declarations sections of the business grant application to ensure full compliance with the grant criteria.</i> | 01/01/22*                           | Gareth Candlin<br>(Specialist Services Lead) |

*\*It is expected that SLDC will launch the final COVID-19 business grant scheme in early 2022, therefore implementation will occur alongside this scheme for the remaining Additional Restrictions Grant funding and any subsequent grants announced by central Government.*

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

## Operational - Effectiveness Matter (OEM) Action Plan

| Ref   | Risk Area | Finding | Suggested Action | Management Comments |
|---|-----------|---------|------------------|---------------------|
| No Operational Effectiveness Matters were identified. |           |         |                  |                     |

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.



Internal Audit

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Appendix 2c

## South Lakeland District Council

Assurance Review of Flood Relief Scheme

**2021/22**

March 2022

# Executive Summary

**OVERALL ASSESSMENT**

**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

21 - Accountable Body for large value schemes

**KEY STRATEGIC FINDINGS**

- The Council has properly identified the risk associated with being the Accountable Body for large value schemes. This is reported quarterly to Cabinet.
- Testing confirmed that the scheme is properly managed, with sufficient documentation being retained to support each of the Council's quarterly claims to MHCLG.
- A Council Plan Target relating to the scheme is monitored and is reported quarterly to Cabinet.
- Quarterly Financial Updates are presented to Cabinet and Council, including Capital Programme Monitoring of the ERDF Funded Flood Defence.

**GOOD PRACTICE IDENTIFIED**

- The Council's Constitution details the requirements relating to the Council's responsibilities as an Accountable Body.
- A Claims Checklist template is completed for each of the Council's quarterly claims to MHCLG. This helps ensure that procedures have been properly followed.

**SCOPE**

South Lakeland District Council is acting as the accountable body for European Regional Development Funding (ERDF) to deliver a flood relief scheme that is intended to increase the level of flood protection for Kendal and other locations within the River Kent catchment area.

**ACTION POINTS**

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0      | 0         | 0       | 0           |

## Assurance - Key Findings and Management Action Plan (MAP)

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|-----------|---------|----------------|----------|---------------------|-------------------------------------|---------------------------------|
|------|-----------|---------|----------------|----------|---------------------|-------------------------------------|---------------------------------|

There are no recommendations arising from this review.

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

## Operational - Effectiveness Matter (OEM) Action Plan

| Ref   | Risk Area | Finding | Suggested Action | Management Comments |
|---|-----------|---------|------------------|---------------------|
| No Operational Effectiveness Matters were identified. |           |         |                  |                     |

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.



Internal Audit

**FINAL**

Appendix 2d

## South Lakeland District Council

Assurance Review of Housing Benefits

**2021/22**

March 2022

# Executive Summary

**OVERALL ASSESSMENT**

**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

5 - Impact of the Welfare Reform on communities, Council operations and resources

**SCOPE**

The review considered the arrangements in place for processing housing benefit claims and payments. This review forms part of the rolling three-year programme of key financial and governance audits.

**KEY STRATEGIC FINDINGS**

- Testing confirmed that the Council continues to have proper arrangements in place for the processing of housing benefits claims.
- Payments are properly authorised in advance and a sufficient segregation of duties is observed. Higher value payments are subject to additional controls.
- Strategic and operational risks relating to the service have been identified and are regularly monitored with mitigations in place.
- Over the previous 12 reported months, the Council has performed favourably in comparison with regional average speed-of-processing times.

**GOOD PRACTICE IDENTIFIED**

- Key areas of responsibility relating to housing benefits are stated within the Council's Constitution.
- The Council's website provides a variety of information to housing benefit claimants, including online claim forms, and is a useful resource.

**ACTION POINTS**

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0      | 0         | 0       | 0           |

## Assurance - Key Findings and Management Action Plan (MAP)

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|-----------|---------|----------------|----------|---------------------|-------------------------------------|---------------------------------|
|------|-----------|---------|----------------|----------|---------------------|-------------------------------------|---------------------------------|

There are no recommendations arising from this review.

PRIORITY GRADINGS

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3** **ROUTINE** Control issue on which action should be taken.

## Operational - Effectiveness Matter (OEM) Action Plan

| Ref   | Risk Area | Finding | Suggested Action | Management Comments |
|---|-----------|---------|------------------|---------------------|
| No Operational Effectiveness Matters were identified. |           |         |                  |                     |

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.



Internal Audit

**FINAL**

Appendix 2e

## South Lakeland District Council

Assurance Review of Licensing – Taxis

**2021/22**

April 2022

# Executive Summary

**OVERALL ASSESSMENT**



**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

6 - Medium Term Financial Planning – delivery of a balanced budget

**SCOPE**

The review was in the form of a compliance audit with checks undertaken around criminal record checks, driving licences, MOT and insurance.

**KEY STRATEGIC FINDINGS**

-  The Council complies with its statutory obligations relating to taxi licensing, although the overall control environment could be strengthened.
-  The required public registers are up-to-date and accurate and are published on the Council's website.
-  There are currently no budget variances of sufficient significance to require individual reporting in the quarterly updates to Cabinet.
-  The Council's website has dedicated pages relating to taxi licensing, including guidance notes, application forms and a list of current fees and charges.

**GOOD PRACTICE IDENTIFIED**

-  The Council's Hackney Carriage and Private Hire Licensing Policy is clear and comprehensive, referencing current legislation and best practice guidance.
-  Both the Licensing Regulatory Committee and its Sub-Committee meet regularly and are fulfilling their intended purposes.

**ACTION POINTS**

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0      | 3         | 0       | 0           |

## Assurance - Key Findings and Management Action Plan (MAP)

| Rec. | Risk Area | Finding  | Recommendation  | Priority | Management Comments  | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title)                         |
|------|-----------|--|---|----------|--|-------------------------------------|---|
| 1    | Directed  | Testing revealed three instances whereby the person's UK driving licence had expired since the date of application for a Council-issued driver's licence. Sections 51(1) (b) and 59(1) (b) of the Local Government (Miscellaneous Provisions) Act 1976 require that the Council shall not grant a licence to drive a private hire vehicle or a hackney carriage to any person who has not for at least twelve months been authorised to drive a motor car, or is not at the date of the application for a driver's licence so authorised. Whilst testing showed the Council to be fulfilling its statutory obligations in this regard, the Hackney Carriage and Private Hire Licensing Policy does not mention the situation of a person continuing to drive a private hire vehicle or a hackney carriage whilst holding a driving licence that has expired. | The Council's position be clarified regarding the situation of a person continuing to drive a private hire vehicle or a hackney carriage whilst holding a driving licence that has expired. | 2        | <i>SLDC accepts this recommendation and will proceed to implement.</i> | 01/07/22                            | Sean Hall – Principal Specialist Health and Environment |

PRIORITY GRADINGS

**1 URGENT** Fundamental control issue on which action should be taken immediately.

**2 IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

**3 ROUTINE** Control issue on which action should be taken.

| Rec. | Risk Area | Finding   | Recommendation  | Priority | Management Comments   | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title)                         |
|------|-----------|---|---|----------|---|-------------------------------------|---|
| 2    | Directed  | Under powers granted by Section 57 (2) of the Local Government (Miscellaneous Provisions) Act 1976, the Council's Hackney Carriage and Private Hire Licensing Policy requires that a standard of fitness report be completed in respect of each driver at least every three years. Testing revealed one instance whereby the driver's standard of fitness report was not current. Sections 51 (1) (a) (i) and 59 (1) (a) (i) of the 1976 Act requires that the Council shall not grant a licence unless it is satisfied that the applicant is a fit and proper person to hold a driver's licence. Towards this statutory requirement, the Policy requires that drivers provide an Enhanced Disclosure and Barring Service (DBS) certificate at least every three years. Testing revealed one instance whereby the driver's DBS certificate was not current. | Documents required by the Hackney Carriage and Private Hire Licensing Policy that become due for renewal be sought on a timely basis. | 2        | SLDC accepts this recommendation and will proceed to implement. | 01/07/22                            | Sean Hall – Principal Specialist Health and Environment |

PRIORITY GRADINGS

|          |               |  |
|----------|---------------|--|
| <b>1</b> | <b>URGENT</b> | Fundamental control issue on which action should be taken immediately. |
|----------|---------------|--|

|          |                  |  |
|----------|------------------|--|
| <b>2</b> | <b>IMPORTANT</b> | Control issue on which action should be taken at the earliest opportunity. |
|----------|------------------|--|

|          |                |  |
|----------|----------------|--|
| <b>3</b> | <b>ROUTINE</b> | Control issue on which action should be taken. |
|----------|----------------|--|

| Rec. | Risk Area | Finding  | Recommendation  | Priority | Management Comments   | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title)                         |
|------|-----------|--|---|----------|---|-------------------------------------|---|
| 3    | Directed  | There were some instances whereby the Council's taxi licensing software indicated that a document had been verified by an Officer, however, that document could not be evidenced during testing. Discussions with the Team Leader – Customer & Commercial Services indicated that this would occur if a document is not properly linked to the driver's record when the record is added or amended. It is understood that there is currently no peer-review of additions or amendments to a driver's record. | A periodic independent review of a sample of additions and amendments to a driver record in the taxi licensing software be implemented. | 2        | SLDC accepts this recommendation and will proceed to implement. | 01/07/22                            | Sean Hall – Principal Specialist Health and Environment |

PRIORITY GRADINGS

|          |               |  |
|----------|---------------|--|
| <b>1</b> | <b>URGENT</b> | Fundamental control issue on which action should be taken immediately. |
|----------|---------------|--|

|          |                  |  |
|----------|------------------|--|
| <b>2</b> | <b>IMPORTANT</b> | Control issue on which action should be taken at the earliest opportunity. |
|----------|------------------|--|

|          |                |  |
|----------|----------------|--|
| <b>3</b> | <b>ROUTINE</b> | Control issue on which action should be taken. |
|----------|----------------|--|

## Operational - Effectiveness Matter (OEM) Action Plan

| Ref   | Risk Area | Finding | Suggested Action | Management Comments |
|---|-----------|---------|------------------|---------------------|
| No Operational Effectiveness Matters were identified. |           |         |                  |                     |

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.