GUILDFORD BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT 2019-20

1.   SCOPE OF RESPONSIBILITY

1.1.   Guildford Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2.   In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs to facilitate the effective exercise of its functions, including arrangements for the management of risk.

1.3.   The Council has considered the principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government* (2016), including compliance with the CIPFA publication on *The Role of the Chief Financial Officer in Local Government* (2016) in the preparation of this statement*.*

1.4.   This statement explains how the Council has complied with the code and meets the requirements of regulation 4 of the Accounts and Audit Regulations 2015 in relation to internal control.

2.   THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1   The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

2.2   The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.

2.3   The governance framework has been in place for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

3.   GOVERNANCE FRAMEWORK

3.1   The Council is a complex organisation with an appropriately comprehensive governance framework that works in a dynamic environment and keeps its processes under constant review. A description of how the Council puts the principles of good governance, set out in the CIPFA/SOLACE code into practice is set out in the following table along with recent achievements, developments and areas for improvement.

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent *achievements, developments* and areas for improvement

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	• Council's Constitution, includes:
	  ▪ Council procedure rules for conduct at meetings
	  ▪ financial and procurement procedure rules
	  ▪ codes of conduct for Councillors and Officers
	  ▪ protocol on decision making by lead councillors
	  ▪ Protocol on Councillor/Officer Relations
	  ▪ arrangements for dealing with allegations of misconduct by councillors
	▪ Probity in planning local code of practice
	• Induction for new councillors and staff on standards of behaviour expected
	• Staff performance framework includes behavioural framework & behaviour profiles are included within job descriptions
	• Regular staff performance review in place
	• Declarations of interest made and recorded at meetings
	• Register of councillors' interests maintained
	• Register of gifts and hospitality maintained for Councillors and staff
	• Anti-Fraud and Corruption Strategy
	• Anti-Bribery Policy
	• Whistle blowing policy
	• Officer corporate governance group to monitor compliance with laws and council policies
		The probity in planning local code of practice was reviewed in 2019 and adopted by Council on 9 April 2019
		
		Review of staff code of conduct completed in 2019 and revised code adopted by Council on 31 July 2019
		
		Corporate Governance Task Group has reviewed the Councillors' Code of Conduct (including policy on acceptance and registration of gifts and hospitality)with a view to report to Council in July 2020.
		
		Task group to also review Protocol on Councillor/ Officer Relations
		
		Following a review of procurement arrangements in 2018-19, the Corporate Procurement Board was established and has met monthly throughout 2019-20 to improve governance

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent *achievements, developments* and areas for improvement
	• Officer health and safety group in place to monitor health and safety compliance • Complaints policy in place • Customer services manager monitors and regularly reports on complaints performance to corporate management team • Corporate Governance and Standards Committee (CG&SC) in place whose remit is set out within the Constitution • Overview and Scrutiny Committee (O&SC) review of decision making • Procurement strategy, policy and toolkit in place • An officer Corporate Procurement Board (CPB) monitors compliance with the procurement strategy and policy • All committee reports to Executive and Council require review of legal and financial implications to be completed and signed off by Monitoring Officer (MO) and Chief Finance Officer (CFO) • Executive advisory boards in place to advise Executive on matters of strategic importance to the Council • Monitoring Officer provisions in place	*arrangements around procurement, particularly where exemptions have been applied. A new procurement strategy has been developed and draft agreed by CMT for adoption by the Executive in May 2020*
B. Ensuring openness and comprehensive stakeholder engagement	• The Council's vision and priorities are set out in the corporate plan • Consultation policy and community engagement strategy in place which adheres to consultation standards • Freedom of Information Act performance monitored by corporate management team and CG&SC • Online council tax information published	*In 2019, the Council commenced publication on its website of a disclosure log of our responses to FoI requests that might be of interest to the public.*

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent *achievements, developments* and areas for improvement
	• Transparency information published on website • Records of decision making maintained and published on website • Forward programme of committee meeting dates and agenda items published on-line with reporting dates adhered to • Citizens panel in place and regularly consulted with • Active programme of focus groups and surveys undertaken for specific service initiatives • Active use of social media and on-line tools to engage customers • Regular council newsletter About Guildford issued quarterly • Consultation responses published on the Council's website (e.g., local plan) • Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board, Local Enterprise Partnership (EM3) and service specific partnerships	
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits	• Corporate Plan 2018-2023 which sets out the Council's vision, key themes and priorities • Monitoring reports against the corporate plan reported to corporate management team • Programme and project management system in place, captures project level risks and performance reporting • Community engagement strategy • Risk management policy and strategy in place • Corporate risk register in place and monitored by corporate management team	*The Executive agreed on 21 January 2020 to hold a public consultation on new draft corporate priorities for the Council, and has set up a working group to support the development of the new corporate plan, which is expected to be adopted by the Council in July 2020.* *Phase A of Future Guildford implemented in December 2019. Phase B (focusing*

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent *achievements, developments* and areas for improvement
	• Financial risk register in place and used to inform the financial sustainability of the budget and adequacy of the level of reserves • Monitoring of key performance indicators undertaken by corporate management team • Committee report template now includes Climate Change/Sustainability Implications • Business planning process and capital programme development aligned to the corporate plan, bids for funding scored against achievement of corporate plan priorities • Future Guildford Transformation Programme in place, overseen by the Future Guildford Board	*on front-line services) launched in January 2020.*
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	• Medium term financial strategy and plan in place, reviewed annually and published as part of the Council's budget book • Business planning process in place to align financial resources with corporate plan priorities • Business planning guidance for managers in place and reviewed annually • Scrutiny of the budget and business planning bids by Joint Executive Advisory Board and Councillor task group • Forward Plan maintained on a rolling 12 month basis • Regular corporate management team and Executive liaison meetings held to discuss strategy • Directors and senior officers hold regular 1:1 meetings with Lead Councillors • Corporate management team hold regular directorate level feedback sessions	*Service planning has been further refreshed in 2019-20 as part of Future Guildford*

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent *achievements, developments* and areas for improvement
	• Senior Leaders group in place • Transformation Board in place which monitors the transformation programme • Major Projects Board in place to monitor the delivery of major projects • Property review group in place to review all assets on a rolling programme and optimise property asset utilisation and performance • Capital Programme Monitoring Group in place to monitor progress of capital projects which are not major projects • Risk management protocol in place	
E. Developing capacity, including the capability of leadership and the individuals within it	• Organisational development framework includes continuous performance and development reviews of staff through one to one meetings and clear job descriptions with behavioural profiles. • Managing Director and Leader of the Council hold joint staff briefing sessions • The constitution sets out the role of statutory officers and the role of the Leader • The Council is compliant with CIPFA guidance on the Role of the Chief Finance Officer (CFO) • Head of Paid Service (HoPS) and CFO are part of the corporate management team and always attend Executive-Management team liaison and full Executive meetings • Professionally trained staff in relevant fields in place and continuing professional development encouraged as part of performance and development framework • Regular staff development training programme in place	*The Monitoring Officer now attends meetings of the corporate management team, and continues to have regular 1:1 meetings with the Head of Paid Service and Chief Finance Officer and attends the Executive Liaison, Executive, and Corporate Governance & Standards Committee meetings.* *The Council achieved re-accreditation under the South East Charter in January 2020*

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent *achievements, developments* and areas for improvement
	• Active support for staff to obtain external qualifications • Scheme of delegation and financial procedure rules reviewed annually • Councillor development steering group in place which develops and implements an active programme of Councillor training • Achievement of the South East Charter accreditation for Elected Member Development • Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board, Local Enterprise Partnership (EM3) and service specific partnerships	
F. Managing Risks and performance through robust internal control and strong public financial management	• Risk management strategy and protocol in place approved by Corporate Governance and Standards Committee (CGSC) • Internal audit work programme informed by risks • Internal audit is fully resourced and effective • Compliance the CIPFA code on managing the risk of fraud and corruption • Corporate risk register regularly monitored by corporate management team • The Council uses IDEA software to interrogate data systems for audit and risk management purposes • Role of the overview and scrutiny committee is clearly set out in the constitution and its work programme is developed by the chairperson and officers. Agendas and minutes are published online. • Regular MO and CFO meetings in place to address statutory responsibilities • Officer corporate governance group oversees key governance, data protection and risk management information and receives reports from the	*The officer Corporate Governance Group and the Corporate Governance and Standards Committee continue to monitor compliance with requirements and obligations under the General Data Protection Regulation – now covered by the Data Protection Act 2018* The Council has not recently reviewed the role and performance of the CG&SC against CIPFA best practice *although previous reviews in relation to the*

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent *achievements, developments* and areas for improvement
	health and safety group • Role of the Corporate Governance and Standards Committee (CG&SC) is clearly set out in the constitution and has an active work programme informed by the officer corporate governance group and agreed by the chairperson. Agendas and minutes are published on line. • A summary of internal and external audit reports are reported to CG&SC • Progress against audit plan and individual audit recommendations are monitored and reported to CG&SC • Council has comprehensive data protection policies and a designated data protection officer who monitors compliance with legislation • Information security risk group, led by the Senior Information Risk Owner in place which reviews the Council's information governance procedures and any necessary improvements • CG&SC receive regular financial monitoring reports	*former Audit Committee found the committee were compliant with best practice* Corporate Management Team does not regularly monitor corporate KPIs. However, the data is collected and monitored by Surrey Chief Executives Group quarterly.
G. Implementing good practices in transparency, reporting and audit to deliver effective accountability	• The Council published significant information on its website • 'Style guide' in place to encourage officers to write reports in plain English • Annual financial statements includes a narrative summary on the Council's performance during the year as well as reporting the financial position • Effective internal audit function in place which complies with public sector audit standards and the CIPFA statement on the Role of the Head of Internal Audit • Community engagement strategy in place • Council has reaffirmed, and adopted as best practice, the position that all	The Corporate Governance Task Group, referred to above, will also be examining proposals to promote transparency and effective communications *The Council does not currently produce a formal annual report however, the CFO's Narrative Statement in the Council's Statement*

Principles of Good Governance	Arrangements the Council has for delivering good governance	Recent *achievements, developments* and areas for improvement

	committee reports are made public unless there are unequivocal legal or commercial reasons to the contrary and that where practicable, information within a report which is legally exempt from publication should be isolated from the body of the report as a restricted appendix, with the remainder of the report made available to the public.
	
	• All restricted committee reports now clearly and precisely state at the point the agenda is published all of the following:
	
	    (a) why the content is to be treated as exempt from the access to information publication rules.
	    (b) to whom within the council the content is restricted
	    (c) when, following a period of exemption, the exempt information can be expected to be made public.
	    (d) details of how the decision to maintain the exemption may be challenged.
	
	• Working group reports and minutes made available to all councillors.
		of Accounts reports the majority of information that an annual report would be expected to cover
		
		The Council is compliant with the mandatory elements of the Local Government Transparency Code 2015 in respect of the publication of data.

4. REVIEW OF EFFECTIVENESS

4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

4.2. Internal Audit has conducted an ongoing review of the Council's Corporate Governance processes and carried out audits according to the annual Audit Plan, which was approved by the Corporate Management Team, and the Corporate Governance and Standards Committee (CG&SC). We base the Audit Plan on a risk assessment that provides guidance as to the frequency of audits. It covers four main themes (Financial Control, Asset Management, Management Control and ICT) specifically to address the main concerns of corporate governance.

4.3. Internal Audit has produced an annual report on Corporate Governance, which is an assessment of corporate governance against CIPFA guidelines. They also review standards of internal control including risk and performance management. The overall conclusion is that the Council's systems of governance, risk management and Internal Control for the period to 31 March 2019 were generally sound and operate consistently across departments.

4.4. We have used all of this activity to inform the Annual Governance Statement.

5. INTERNAL AUDIT STATEMENT

5.1 In 2019-20, there were 31 planned pieces of works, including efficiency reviews and some contingency work. Over the year, we have completed or are working on 29 audits, which represent 94 per cent of the audit plan. The work carried out so far shows that there is no indication of any material or significant issues arising from this work that affect this statement. The results of the work carried out in the year to 31 March 2020 are shown in the table below:

THERE ARE NO FIGURES IN THE TABLE AS WE HAVE NOT COMPLETED ALL OF THE WORK YET AND THEY WILL BE INCLUDED IN THE FINAL REPORT.

Assurance Rating	Number of Audits	
Significant Assurance		
Significant Assurance with minor improvement opportunities		
Partial assurance with improvements required		
No Assurance		
No Opinion (one-off projects) Value for Money		
In progress(Inc. fundamental service reviews)		

5.2   Where appropriate the audit report provides management recommendations designed to address weaknesses in the system of internal control. We report the outcomes of these audits to the CG&SC every six months giving councillors an opportunity to understand the Council's compliance with key controls and to discuss any areas of concern with the auditors. We also update councillors on the progress of recommendations. In 2019-20, there was evidence of sound controls and substantial assurance over our major financial systems. There were no control weaknesses found in the audits, which represent a significant or material risk to the Council.

5.3   There are no material governance or internal control issues of which Internal Audit have been made aware during the year, which cause any qualification of the above opinion. The main issue and priority from an audit perspective, as recognised by management, is that the Council sustains and completes the programme of transformational change and embeds improvement across the Council whilst maintaining service delivery and the effective operation of key controls. The work over the year focussed on how we manage performance across our services, how we procure goods and services and how we improveme our service planning process. Our work identified some governance areas where there were a number of medium risks and the resulting recommendations will be subject to follow-up reviews in 2020-21.

6.   SIGNIFICANT GOVERNANCE ISSUES AND ACTION PLAN

6.1.   This year has been a period of change and there have been ongoing financial pressures. Despite this challenging environment, there have been significant achievements and continuing improvement in the Council's overall governance arrangements as described in section 3 above. Where we have identified areas for further improvement we will take the necessary action to implement changes that will further develop our governance framework.

Progress on Governance Issues reported in the 2018-19 Annual Governance Statement:

6.2.   The significant governance issues arising in 2018-19 and progress made against them are shown in table below:

PROJECT MANAGEMENT		
RECOMMENDATIONS	**ACTIONS AGREED**	**PROGRESS MADE**
The Council must ensure that there are consistent processes with measurable outcomes for all projects.	During 2018-19, we reviewed all of our projects and are in the process of improving the governance particularly relating to monitoring, reporting and benefits realisation.	A review of projects across the Council has taken place and the revised project management, monitoring and reporting is being led by the new Strategy and Communications Team.
PROCUREMENT		
RECOMMENDATIONS	**ACTIONS AGREED**	**PROGRESS MADE**
To look at areas where it is more efficient and effective to devolve procurement decisions more widely.	We have considered what the Council's procurement team really needs and wants to control to ensure that we focus on what is important	There is now a central procurement team and we have identified our

	which will include working with specialist teams to obtain the best outcome both financially and operationally. This is an on-going piece of work, which is being considered as part of the Future Guildford project.	category spend which will allow us to rationalise and instigate better contract management and deliver efficiency savings.

6.3   In addition, there were a number of follow-up reviews from 2018-19, which were revisited in 2019-20, and progress on these is shown in the Annex to this Statement.

New Governance Issues arising in 2019-20:

6.4   Openness and Transparency:
The Council adopted a motion on 8 October 2019 which:

(1)   reaffirmed the position that all committee reports are made public unless there are unequivocal legal or commercial reasons to the contrary and that where practicable, information within a report which is legally exempt from publication should be isolated from the body of the report as a restricted appendix, with the remainder of the report made available to the public;

(2)   required that all restricted committee reports clearly and precisely state at the point the agenda is published:

(a) Why the content is to be treated as exempt from the Access to Information publication rules.
(b) To whom within the Council the content is restricted
(c) When, following a period of exemption, the exempt information can be expected to be made public.
(d) Details of how the decision to maintain the exemption may be challenged.

(3)   required all working group reports to be made available to all councillors, subject where necessary to redaction of exempt information (on the advice of officers, and in consultation with the relevant lead councillor).

(4)   requested the Managing Director to establish, in consultation with the chairman of the Corporate Governance and Standards Committee, a working group to examine the effectiveness of internal communications, between officers and councillors, make proposals to promote transparency, and promote effective communications and reporting, and report back its findings to full council.

6.5   Subsequently, and arising from a number of concerns raised by councillors in relation to ethical standards and transparency, the Corporate Governance and Standards Committee, at its meeting on 19 November 2019, agreed to set up a cross-party task group with a wide remit to consider, review and make recommendations on these matters. It was also suggested that this task group undertakes the work agreed by the Council on 8 October 2019, referred to in (4) above. The task group has now been established and has met to examine and review:

- the Councillors' Code of Conduct, including the policy on acceptance of gifts and hospitality by councillors;

- the best practice recommendations of the Committee on Standards in Public Life contained within its report on *Local Government Ethical Standards*; and
- the Council's guidance on the use of social media by councillors.

6.6   The task group will continue its work to examine and review:
- the revised draft protocol on councillor/officer relations;
- the effectiveness of internal communications, between officers and councillors; and
- proposals to promote transparency, and effective communications and reporting, including the Council's Communications Protocol.

6.7   The task group's recommendations in respect of these matters will be considered by the Corporate Governance and Standards Committee in due course.

6.8   During 2019-20, we identified the following areas where the governance arrangements are not consistent.

Governance support for GBC Holdings Ltd and North Downs Housing Ltd
Concerns over Finance and Legal involvement in the governance and financial arrangements of the two companies established by the Council. However, the external auditor had acknowledged that the core business processes operated satisfactorily. The Business Plan is currently out of date and is in the process of being reviewed and updated. KPMG had been commissioned to undertake a review of the companies to ascertain what legal and governance arrangements and financial monitoring and controls were in place with a view to establishing clarity in respect of roles, responsibilities, councillor involvement and potential conflicts. Resolving these issues is particularly important as the number of stand alone companies is likely to increase.

Project Management
The Project Portfolio Board was working well and was raising corporate awareness of project management and providing a new overview of the process. However, not all projects had boards and were not operating as well as they could. There were concerns that several projects with considerable contingency funds were overspending and that information and cost reports were not being fed back to Finance. We need to ensure that there are consistent processes and measurable outcomes. The Strategy and Communications team are collating all projects across the Council and monitoring process and outcomes.

Procurement
We are a complex authority and we recognise that the procurement processes need to be as efficient as possible. We control certain areas of spend very tightly but we need to achieve economies of scale by rationalising contracts and understanding more fully our category spend. There has been progress in identifying potential areas for improvement over the last nine months and work is continuing as part of the Future Guildford project.

Asset Management
Following reports of a discrepancy in some of the Council's ICT equipment we carried out an audit review which found that there were inconsistent asset management controls which resulted in a loss of some equipment and, if not rectified, would have put the Council's assets at risk. However, the financial controls that were in place operated as intended and highlighted the issue. Remedial measures were put in place and the audit plan for 2020-21 will include a full review of the control mechanisms of the Council's ICT assets.

7.   ASSURANCE SUMMARY

7.1   Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of our area in an equitable and open way. It recognises the standards of behaviour that support good decision-making: collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services and fundamental to showing that public money is well spent.

7.2   From the review, assessment and monitoring work undertaken and the ongoing work of internal audit we have reached the opinion that overall key systems are operating soundly and that there are no fundamental control weaknesses.

7.3   We confirm, to the best of our knowledge and belief, that this Statement provides an accurate and fair view.

SIGNED: ………....................……………………………………………………………
Leader of the Council on behalf of Guildford Borough Council

SIGNED: ………………………………………………………………………………………
Managing Director on behalf of Guildford Borough Council

LICENSING			
	RECOMMENDATION	**MANAGEMENT RESPONSE**	**STATUS**
1	**Performance monitoring** There are no formalised performance monitoring arrangements in place. The Regulatory Services Manager receives regular updates on the progress of licensing applications through monthly one-to-one meetings, but these are not formally recorded. There is currently no reporting to the Corporate Management Team. We recommended that the Council introduces performance monitoring arrangements. The Council should clearly define kpis for application processing and debt recovery, which should be reported to the Corporate Management Team on a quarterly basis.	**Agreed** Performance monitoring to be implemented with defined KPIs and reported to Director of Community Services. Regulatory Services Manager to investigate if CMT wish to receive performance monitoring report. **Implementation date** 31 July 2019	**Overdue** The Council has not implemented a formalised performance monitoring procedure. The council is still planning to implement the agreed recommendation later this year as this will be addressed corporately through Future Guildford. **Due date** 30 December 2019
2	**Licensing team debt monitoring** Licencing officers exercise judgement on when and how often to chase outstanding debt which could result in inconsistencies. In addition, we found that there were variations relating to the issue of Suspension Warning Letters and we recommend that there are clearly defined guidance notes to be followed by the Licensing Team. Licensing officers should issue Suspension Warning Letters consistently in line with this timeline and should keep appropriate documentation of all completed debt recovery actions.	**Agreed** Procedure is being drafted and will be implemented. **Implementation date** 30 April 2019	**Implemented** A new policy and procedure document has been drafted. It now states the timeline that must be followed for debt monitoring, for example the first warning letter is sent ten days after the debt due date. We have reviewed the new policy document that shows a clear timeline of debt chasing policy.

	RECOMMENDATION	MANAGEMENT RESPONSE	STATUS
3	**Houses in multiple occupation inspections** When junior staff carry out an inspection of Houses in Multiple Occupation (HMOs) they use a checklist to ensure that everything is covered. More experienced staff do not use the check list as they are expected to be familiar with the requirements. This gives rise to a risk that the inspections are incomplete or of varying quality and could lead to licences being granted inappropriately. We recommended that the checklist is used regardless of the level of experience of the officer. The checklist should be uploaded to Tascomi as part of the licence application records.	**Agreed** Procedure is being drafted and will be implemented. **Implementation date** 30 April 2019	**Overdue** Staff have now been told that the checklist must be used for all HMO inspections but it has not yet been formally included in the policy. **Implementation date** 30 December 2019
4	**Record keeping** There were several instances where supporting records from the licensing application process were not kept. These included: • checklists which are completed by reception; • checklists completed by the business support team • supporting documents including a mot certificate, an application form and a passport • the scorecards or checklists used for consistency in inspections by the Licensing Team or Private Property Services Team. This increases the risk of challenge through inconsistencies in applying our policy and application process	**Agreed** Monthly monitoring will be incorporated into the overarching licensing policy and spots checks will be implemented as part of performance monitoring. **Implementation date** 31 July 2019	**Overdue** Monthly monitoring has not yet been incorporated into policy and spot checks are not yet being completed. **Implementation date** 30 November 2019

Parking		Management Response	Status
Recommendation		**Management Response**	**Status**
1	**Review of successful appeals** Parking officers are responsible for reviewing challenges to penalty charge notices (PCNs) and determining whether they should be cancelled. We found that individual judgement is exercised in determining whether a PCN should be cancelled. There is no second review of the appeals. We reviewed the cancellation rates of each enforcement officer and noted that the cancellation rates vary from 37% successful appeal rate to 61%, suggesting a subjectivity in the review process. There is a risk that cases are not assessed in a consistent way. We recommended that spot reviews of appeals are carried out, in order to ensure that appeal decision making is consistent and objective across the team.	**Agreed** The processing team supervisor will undertake monthly spot checks of 10 cancelled PCNs per processing team member and undertake an annual review, to identify any discrepancies and the possible reasons for these.	**Implemented** Since December 2018, spot checks have been carried out on a sample of PCNs to ensure consistency between which cases warrant a cancellation. The policy has also been amended to provide staff with more stringent cancellation criteria following appeals in order to reduce the variation in cancellation rates between staff. The policy now features specific criteria and evidence required for a cancellation.
2	**Out of date policies and procedures** Parking policies and procedures have not been updated since 2014 and do not have references to the more recent updates to services. There is no reference to reconciliations performed and details of standard practice where investigation is required of variances over a certain threshold. Without up to date policies in place there is a risk that staff undertaking new roles and responsibilities are not properly informed resulting in inefficiencies in the process occurring.	**Agreed** Following the closure of the office counter in November 2018, it is our intention to undertake a root and branch review of all our policies and procedures. **Due date** 31 December 2019	**Not yet due** The Council has made good progress with this recommendation and aims to complete it by the deadline of December 2019. Around 70% of the parking policies and procedures have been updated in draft. We have reviewed two as examples of this occurring, comparing the current and previous versions for evidence of changes.

	Recommendation	Management response	Status
3	**Income discrepancies** The finance team perform a reconciliation of parking meter income using figures reported by the parking team and actual cash banked. Where there are discrepancies between the two figures the finance team forward the details back to the parking team to investigate. However, we noted that discrepancies queried by the finance team are not always followed up. Failure to follow up discrepancies could result in failure to identify instances of fraud. The council should identify a process for investigating discrepancies reported by the finance team and follow these up with respective parties (CSS or otherwise) to ensure that they are resolved.	**Agreed** The reconciliation discrepancy threshold of £10 was set in the early 2000s. We will redouble our efforts to ensure that all discrepancies more than £10 are reviewed, and also review whether the £10 threshold is still appropriate	**Implemented** Reconciliations are completed over the parking meter cash boxes in each instance that money is pooled (i.e. When the machine is filled) and additionally at the end of each month. In all reconciliations, any discrepancies above £5 are investigated.
4	**Enacting regulation 10 penalty charge notices (pcns)** In our testing we found that these cases had been cancelled as a result of the driver of the vehicle driving away before the pcn could be issued. This is because the parking system is not set up to automatically request the vehicle owner's details from the DVLA and progress with debt chasing. The traffic management act 2004 gives local authorities the power to serve pcns by post where the driver drives away before a PCN can be issued. In the period april to September 2018 there had been 66 such instances, representing lost revenue to the council.	**Agreed** This recommendation is agreed. **Due date** 30 April 2019	**Overdue** Currently this recommendation has not been implemented due to software issues and has been postponed. These issues have been identified and are being managed and the new functionality is expected to go live within the next few months. **Due date** The updated implementation date is now 31 December 2019.

	FORMER TENANTS ARREARS		
	RECOMMENDATION		
1	The testing found that in some instances there was an extended delay in issuing the first debt chasing letter. We found that this was due in the main to delays in applying the relevant housing benefit adjustments. Additionally, during testing we found that in some cases the details supporting the debt had not been documented on the Orchard system which could affect the Council's ability to collect the arrears. There is now a review process in place and there are spot checks to confirm that the processes have been followed and appropriate documentation retained.	**Agreed** Policy and procedure to be written to cover the FTA tracing work with Reigate & Banstead.	**Implemented** Immediately after the review, the policy was changed in response to the recommendation. Staff were made aware that when a monitoring officer was not available to carry out the review process it should be completed by the Rent Officer or Income Manager.
2	**Policies and procedures** The Council has recently agreed a contract with Reigate and Banstead Borough Council for tracing services for untraceable former tenants. There is currently no guidance or procedure documents on how to the Council will use and monitor the performance of this agreement and there is a risk that the Council does not have mechanisms in place to ensure they are getting value from the contract.	**Agreed** Policy and procedure to be written to cover the FTA tracing work with Reigate & Banstead.	**Implemented** A new policy and procedure has now been written for the Reigate and Banstead Collection Agency agreement. As recommended, the policy includes the author, version and date of document. It also includes step-by-step guidance over contacting the debtors and the document features a template Former Tenant Referral form.

	RECOMMENDATION	MANAGEMENT RESPONSE	STATUS
PAYROLL			
1	**Leavers** We noted that there is an inconsistency in how HRr are informed that a member of staff is leaving. It can be either the manager or the employee who contacts HR which can cause delays or confusion and lead to errors and overpayments. We recommended that the process for processing leavers should be the responsibility of the line manager, rather than the employee. They should complete a leavers' form with appropriate details and ensure they capture details required by HR and Payroll teams to ensure that the risk of over-payment are minimised. Leavers forms should be available on the intranet and managers should be encouraged to complete them as early as possible.	**Agreed** Leaver process to be created with a 'leavers form' for managers to complete and send HR.	**Implemented** A new leavers form has been designed and is being used. The form is filled out by the line manager and is forwarded onto HR. **Audit Note** **This issue will be resolved with the introduction of the new ERP system in 2020**
2	**Policies and procedures** We noted that there are no policies and procedures in place for processing payroll amendments and running the monthly pay-run. Though the payroll staff experienced and knowledgeable there is a risk that in periods of absence there is insufficient shared understanding of how to carry out these processes in a timely manner. Policies and procedures should be drafted and available on the intranet for easy access by payroll/HR staff and line managers. The policies should detail roles and responsibilities, make reference to other relevant policies (i.e. Exit interviews for leavers) and include reference to any relevant HR/payroll staff training.	**Agreed** Leaver process to be created. Payroll processes to be process mapped and procedures written. These will be placed on the HR portal. **Implementation Date** 31 March 2019	**Overdue** Phase A of Future Guildford commenced in March 2019 and incorporated the Payroll and HR teams. This is a major programme of restructuring, the aim of which is to streamline processes, including those of payroll and HRr. As a part of future guildford a series of knowledge based articles have been designed. These are in depth guidance for employees and their line managers on actions to take in the event of a range of changes in circumstances.

			We reviewed one of these articles, which appeared comprehensive. These will be available on the council's intranet in due course. **Revised Deadline** 30 June 2020
3	**Un-signed employment contracts** We were unable to evidence the existence of signed employment contracts for all starters in the testing sample. In addition, we found that the contracts for some payroll amendments relating to changes in posts were not signed by the employee. Commencing work in the absence of a formal signed contract, implies that the employee has accepted the contract and from a legal standpoint, is expected to comply with the terms and conditions. However, there is a risk that without a signed contract the employee could believe that they do not have to comply with the conditions, for example, fulfilling their notice period when they decide to terminate their contract. The payroll team should not accept the record until signed contracts are saved on the staff site.	**Agreed** Electronic signatures are already accepted, contracts are issued by email and returned electronically. Payroll process for new starters will include a signed contract check before accepting the record. **Implementation Date** 31 March 2019	**Implemented** The importance of ensuring that employment contracts are signed has been emphasised to the HR and Payroll teams. There has been more of an emphasis placed on contracts being signed electronically, to move towards a more efficient paperless system.
4	**Timely authorisation of payroll amendments** During sampling we noted that formal written authorisation was not obtained prior to processing an amendment on selima. This was for recruitment to a new post, which must be authorised by an appropriate manager. This authority was not obtained in writing until 7 days after the amendment was accepted and implemented on the payroll system. When queried we were advised that verbal authorisation was given, however there is no documentary record of this.	**Agreed** HR team advised not to make appointments until the formal authorisation has been received in all cases. **Implementation date** 31 March 2019	**Overdue** The requirement to await formal authorisation before implementing amendments has been communicated to relevant staff. However, this requirement has not been formalised in policy. The introduction of the new ERP system will include a review of all processes and

			aiming to streamline these, with new policies and procedures to be implemented in due course. **Revised deadline** 30 June 2020
5	**Value for money assessment for over-time (OT) payments** From our data and analytics we noted that 35% of total employees paid during the six months under review incurred overtime payments. Rates vary depending on timing on work with1.5x and 2x base salary paid for OT on weekends and evening work. 193 staff were paid ot at increased rates in the period, with increased rate payments equivalent to more than 20% of gross salary paid for 28 staff. Total OT payments during the six month period total £430k equivalent to 4% of total gross pay. We recommend that the Council conduct a value for money assessment of overtime paid across departments, to satisfy the Council that overtime pay is the most cost effective option available.	**Agreed** The use of overtime across the organisation is currently being reviewed by our business improvement team. The council is facing a major reorganisation of services. This future guildford programme, will address this issue. **Implementation date** 31 March 2021	**Audit Note** This is an area, which is already being looked at as part of the Future Guildford programme and is a corporate wide review of overtime, agency staff, contractors and casual staff costs. Alternative working patterns to replace overtime are also being considered.

CREDITORS			
	RECOMMENDATION	**MANAGEMENT RESPONSE**	**STATUS**
1	**Review of Supplier Amendments** When a department completes a payment requisition form (PRF) with the suppliers' bank details it is assumed that they have verified suppliers' bank details via independent verification. There is no requirement to forward the external evidence received from the supplier to the payments team and they rely on the services to satisfy themselves as to the validity of the bank details. This creates a risk that inappropriate changes and potentially fraudulent transactions are processed. We recommend that there are monthly exception reports detailing all amendments made to supplier details and that these are reviewed and spot checked.	**Agreed** Corporately, all areas will be made aware that when they fill out a payment requisition, they need to attach the documentation of their checks they do to make sure bank details are correct by adapting the same method the payments team use. **Implementation Date** Immediately	**Overdue** Internal departments continue to send payment requisition forms without proof of verification of any amendments in suppliers' bank details. Where there is an invoice attached, the Payments team will verify bank details, the S151 Officer will issue corporate guidance and instruction to all services to provide evidence of verification. The Payments team would then be able to reject all payment requisitions with insufficient verification. **Deadline 30 December 2019**
2	**Maintaining policies and procedures** We noted that there are no written policies and procedures in relation to the payments process. Without widely available policies and procedure notes there is a risk that staff are unaware of their roles and responsibilities, particularly when staff from various departments have a role in the process for authorising invoices and verifying changes to suppliers' bank details. This in turn may result in inefficiencies in the process and the risk that appropriate detective and preventative controls are not in place to detect instances of fraud.	**Agreed** Policies and procedures to be created. **Implementation date** Immediately	**Overdue** Phase A of Future Guildford commenced in March 2019 and incorporated the finance team. This is a major programme of restructuring, the aim of which is to streamline processes, including those of finance. The payments process has been one of those subject to review, with new policies to follow. **Revised deadline** 1 April 2020