



Internal Audit Progress report

Guildford Borough Council

KPMG Governance, Risk and Compliance Services

August 2021

Content

● — ○	01 Executive summary	3
● — ○	02 Progress of plan	4
	Appendix A – Performance Reporting executive summary	6

Key contacts

Neil Hewitson
Director
neil.hewitson@kpmg.co.uk

Daniel Hayward
Manager
daniel.hayward@kpmg.co.uk

Jack Crouch
Assistant Manager
jack.crouch@kpmg.co.uk

Executive Summary

The purpose of this document is to provide the Corporate Governance and Standards Committee with an update on the Internal Audit plan for 2021-22. We have summarised below the key points to draw your attention in the period since we last reported to you:

Activity	Comments
Progress against the plan	— Commenced fieldwork for our Safeguarding review and scoping of our Key learnings from Covid and Future Guildford Programme reviews from the 2021-22 plan.
Reports completed	— Finalised our report on performance monitoring. See appendix A for the executive summary of the report. — In June 2021 we presented our report on HRA/RTB receipts to CGSC.
Significant findings to highlight	— Nothing new to report at this stage.



For approval:

- Performance monitoring – KPI review one
- Performance monitoring – KPI review two
- Performance monitoring – KPI review three



For information

- August 2021 internal audit progress report:



Progress of plan

Below is the full status of the 2021-22 Internal Audit plan as approved by the Corporate Governance and Standards Committee.

Internal audit	Status				Results	Recommendations			
	Planning	Fieldwork	Draft Report	Final Report		Overall Rating	High	Medium	Low
01/22: HRA / RTB receipts	✓	✓	✓	✓	Partial assurance with improvement required	1	6	-	7
02/22: Performance monitoring – KPI review one	✓	✓	✓	✓	Significant assurance with minor improvement opportunities				
03/22: Performance monitoring – KPI review two	✓	✓	✓	✓	Significant assurance with minor improvement opportunities	-	3	1	4
04/22: Performance monitoring – KPI review two	✓	✓	✓	✓	Significant assurance with minor improvement opportunities				
05/22: Safeguarding	✓	In progress	Not due	Not due	Not due	-	-	-	-
06/22: Key learnings from Covid	In progress	Not due	Not due	Not due	Not due	-	-	-	-
07/22: Future Guildford Programme	In progress	Not due	Not due	Not due	Not due	-	-	-	-
08/22: Financial controls: capital management	Not due	Not due	Not due	Not due	Not due	-	-	-	-
09/22: Financial controls: income and accounts receivable compliance	Not due	Not due	Not due	Not due	Not due	-	-	-	-



Progress of plan (cont.)

Internal audit	Status				Results				
	Planning	Fieldwork	Draft Report	Final Report	Overall Rating	High	Medium	Low	Total
10/22: Financial controls: expenditure and accounts payable compliance	Not due	Not due	Not due	Not due	Not due	-	-	-	-
11/22: Financial controls: procurement	Not due	Not due	Not due	Not due	Not due	-	-	-	-
12/22: Follow up reviews from 2020-21	Not due	Not due	Not due	Not due	Not due	-	-	-	-
13/22: Risk management	Not due	Not due	Not due	Not due	Not due	-	-	-	-
14/22: Financial controls: budgetary control	Not due	Not due	Not due	Not due	Not due	-	-	-	-
					Total	1	9	1	11

Appendix A – Performance reporting executive summary

Conclusion

We reviewed the design and effectiveness of performance monitoring arrangements at the Council through specific review of three KPIs chosen from the most recently available performance report, 'Corporate Performance Reporting' taken to Corporate Governance and Standards Committee (CGSC) on 17 March 2021. Overall we provide 'significant assurance with minor improvements' (amber green), which is in line with Management's forecast. Our rating is largely driven by the fact that there is now KPI reporting through the governance structure, data for two KPIs agreed to underlying records and were found to be calculated correctly. We raised three medium priority findings in relation to review of KPI data prior to reporting, reliability of t cards paper-based records that are the primary source of information on voids) for storage of data on void properties and clarity around the criteria used to count a property as void.

We considered processes and controls around the collation of data and reporting of three KPIs:

Staff Turnover: *This is a rolling year-to-date figure calculated from the total number of staff leaving (voluntarily and non-voluntary) as a percentage of total staff in post. Data provided by HR.*

The KPI is well defined and reflects the underlying data. There is a robust process and set of controls around the collation of data on leavers. This involves the use of Business World (BW) to capture employee leaving dates and to generate reports on staff turnover and head count, which inform the KPI.

We recalculated the KPI and found it to be accurate. We checked that the KPI data agreed to underlying reports from BW. Sample testing of leavers showed that the leaving dates agree to supporting evidence, providing assurance on the accuracy of the KPI. We obtained assurance over completeness of the head count figures by checking that a sample of current staff were included in the KPI calculation.

There is limited evidence that the KPI results undergo a robust review process prior to inclusion in the service plan and performance monitoring reports.

Average time to let void housing properties: *This is the number of voids / the number of days void. The data is provided by Housing Advice.*

The KPI definition is not clear on the items excluded from the denominator. Such as major voids, new builds, sheltered and supported properties. The process for collating data could be improved by clarifying the criteria for counting a property as void and having a robust system for recording voids. The primary source of void data is paper based 't cards' which are susceptible to loss.



© 2021 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Summary

Overall rating:	Significant assurance with minor improvement opportunities	
Priority rating:	Control design	Operating effectiveness
High	0	0
Medium	3	0
Low	1	0

Direction of travel: ▲

Acknowledgements

We would like to thank the following individuals for their contribution during this internal audit:

- Claire Morris, Resources Director, Executive Sponsor
- Amanda Hargreaves, Performance Officer
- Belinda Hayden, Revenue and Benefits Lead
- Siobhan Rumble, Neighbourhood Housing Lead
- Helen Buck, Technical Services Manager
- Stephen Mynett, Specialist Revenue and Benefits Lead
- Melissa Hughes, Specialist Advice, Allocations and Options
- Sarah Jagger, Caseworker
- Natasha Sherwood, Specialist – HR Business Partner

Appendix A – Performance reporting executive summary

Conclusion (cont.)

Recalculation of the KPI showed that the number of voids was overstated by one. In addition, sample testing of the voids identified that the void date captured for one property was incorrect. We performed sample testing on the 'number of void days' and found that the dates used in the calculation agreed to supporting documentation. We obtained assurance on the completeness by checking that a sample of properties had been included / excluded appropriately from the KPI.

There is limited evidence that the KPI results are reviewed before being included in the service plan and monitoring reports for circulation.

Council tax collected: *This is the payments received compared to the total amounts payable in that year'. Data provided by Exchequer Services.*

The KPI was renamed and redefined following presentation of the Quarter 3 (Q3) performance report to the CGSC and now better reflects the KPI data. There is a robust process for collating data on council tax arrears. This involves the use of CIVICA to generate the council tax balance for each customer. The reports that underlie the KPI are extracted from CIVICA.

We recalculated the KPI and found it to be accurate, including checking that the KPI data agreed to underlying reports from CIVICA. Sample testing of customer balances identified that they agreed to supporting letters / bills in CIVICA.

There is limited evidence that the KPI results are reviewed before being included in the service plan and monitoring reports for circulation.

Reporting of KPIs

The reporting of KPI data through the governance structure started for Q3 2020-21. The report is considered by the Corporate Management Team (CMT), Executive Liaison Group and CGSC. Performance is discussed at these meetings and the need for any remedial action identified. These actions are included and tracked in the service plan.

Acknowledgements (cont.)

- Francesca Shaw, Lead Specialist Human Resources
- Lisa Dudley, Specialist ICT Data and Application Management



Appendix A – Performance reporting executive summary

Areas of good practice

- ✓ Two KPIs calculate correctly, we reperfomed the Q3 calculations for the 'Staff Turnover' and 'Council Tax Collected' KPIs and they were found to be accurate.
- ✓ The data used to calculate the 'staff turnover' and 'council tax arrears' KPIs agrees to underlying records. Data is extracted directly from Business World (BW) and CIVICA respectively, ensuring reliability of the KPI. Sample testing of the 'staff turnover' and 'council tax arrears' KPIs to source documentation confirmed the accuracy of the data from BW and CIVICA.
- ✓ The three KPIs have now been reported twice to CGSC: 25 March 2021 and 9 June 2021.
- ✓ The performance report provides relevant information around each KPI which provides context. This information includes: definition of the KPI, commentary on the previous and current performance, RAG ratings, graphics of the performance across five quarters, roles and responsibilities around reporting and frequency of reporting.

Summary of key findings

Review of KPI data

2.1 Checks on KPI data are not performed prior to inclusion of the results in the performance monitoring report. This finding was raised in our 2020/21 performance management report, however, management has not yet implemented the agreed action.

Reliability of t cards

2.2 Paper based 't cards' are the primary source of information on voids properties. The data on these cards is subject to loss due to their manual nature. 't card' data is used to monitor upcoming voids.

Clarity of the void date

2.3 There is a lack of clarity on the criteria used to determine when to count a property as void.

Clarity on the definition of the KPI 'average time to let void housing properties'

2.4 The denominator for the KPI is defined as the number of days void however, recalculation of the KPI identified that this is an average of the number of void days for properties let in a given quarter.



kpmg.com/uk



This report is provided pursuant to the terms of our engagement letter dated 12 April 2018. Nothing in this report constitutes a valuation or legal advice. We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in our engagement letter. This report is for the sole benefit of Guildford Borough Council. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Council, even though we may have been aware that others might read this report. This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than Guildford Borough Council) for any purpose or in any context. Any party other than the Council that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through the Council's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Council. Any disclosure of this report beyond what is permitted under our engagement letter may prejudice substantially our commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If Guildford Borough Council receives a request for disclosure of the product of our work or this report under the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002, having regard to these actionable disclosure restrictions the Council should let us know and should not make a disclosure in response to any such request without first consulting KPMG LLP and taking into account any representations that KPMG LLP might make.

This report has been prepared solely for Guildford Borough Council in accordance with the terms and conditions set out in our engagement letter dated 12 April 2018. We do not accept or assume any liability or duty of care for any other purpose or to any other party. This terms of reference should not be disclosed to any third party, quoted or referred to without our prior written consent.

© 2021 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International. | CREATE: CRT128147