



Internal Audit Progress Report

Guildford Borough Council

KPMG Governance, Risk and Compliance Services

October 2022

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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 2022-23. 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	<ul style="list-style-type: none"> — We have finalised our reviews on Customer Services: Complaints Handling and Core Financial Controls: Payroll. — We have issued our draft report for IT Infrastructure for Remote working. We are in the process of agreeing responses to findings and actions with management and will report on this to the November Committee meeting. — We have concluded fieldwork for our Risk Management review and will report on this to the November Committee meeting. — We have started scoping our review on Corporate Programmes: Redevelopment Projects with fieldwork due to start w/c 10 October.
Reports completed	<ul style="list-style-type: none"> — We have finalised our reports on Customer Services: Complaints Handling and Core Financial Controls: Payroll'. — See appendices A and B for the executive summaries of these reports.
Significant findings to highlight	<ul style="list-style-type: none"> — We have raised one high priority finding in our Customer Services: Complaints Handling review around responding to complaints within agreed timescales, and assigning responsibility to relevant individuals and teams to ensure this is monitored.



For information

- October 2022 internal audit progress report

Progress of plan

Below is the status of the 2022-23 Internal Audit plan as approved by the Corporate Governance and Standards Committee.

Internal audit	Status						Results	Recommendations					
	Planning	Fieldwork	Draft Report	Final Report	Reporting to CMB	Reporting to CGSC	Overall Rating	High	Medium	Low	Total		
01/22: IT Infrastructure for Remote Working	✓	✓	✓	w/c 10 October	✓ (in draft)	17 November	Significant assurance with minor improvement opportunities DRAFT	-	2	1	3		
02/22: Performance Monitoring – KPI Review One	✓	✓	✓	✓	✓	✓		Significant assurance with minor improvement opportunities	-	1	2	3	
03/22: Performance monitoring – KPI Review Two	✓	✓	✓	✓	✓	✓			Partial assurance with improvements required	1	2	2	5
04/22: Performance monitoring – KPI Review Three	✓	✓	✓	✓	✓	✓				-	-	-	-
05/22: Customer Services: Complaints Handling	✓	✓	✓	✓	✓	✓		Not due	-	-	-	-	
06/22: Corporate Programmes: Redevelopment Projects	Draft ToR issued	w/c 03 October	w/c 14 November	w/c 28 November	11 January	19 January	Not due	-	-	-	-		
07/22: Risk management	✓	✓	07 October	21 October	25 October	17 November	Not due	-	-	-	-		
08/22: Financial controls: budgetary controls	October	w/c 28 November	w/c 12 December	w/c 02 January	11 January	19 January	Not due	-	-	-	-		

Progress of plan (cont.)

Internal audit	Status						Results		Recommendations		
	Planning	Fieldwork	Draft Report	Final Report	Reporting to CMB	Reporting to CGSC	Overall Rating	High	Medium	Low	Total
09/22; Financial controls: General Ledger	September	w/c 24 October	w/c 07 November	w/c 21 November	11 January	19 January	Not due	-	-	-	-
10/22: Financial controls: Payroll	✓	✓	✓	✓	✓	✓	Significant assurance with minor improvement opportunities	-	1	1	2
11/22: s.106 Contributions	October	w/c 05 December	w/c 19 December	w/c 02 January	11 January	19 January	Not due	-	-	-	-
12/22: Follow up reviews from 2021-22	November	w/c 09 January	w/c 30 January	w/c 13 February	10 March	15 March	Not due	-	-	-	-
13/22: Regeneration	November	w/c 09 January	w/c 30 January	w/c 13 February	10 March	15 March	Not due	-	-	-	-
14/22: Financial controls: Journals	November	w/c 09 January	w/c 30 January	w/c 13 February	10 March	15 March	Not due	-	-	-	-
Total								1	6	6	13

Appendix A - Customer Services - Complaints Handling

Conclusion

We reviewed the design and effectiveness of the complaints handling processes and controls and provide 'partial assurance with improvements required' (**amber red**), which is in line with Management's expectations. This is driven by our testing results which identified that 92% of cases sampled did not meet the agreed timeframe for acknowledgement and response to the complaint.

The underlying issue is that no one individual or team is responsible for coordinating the overall complaints handling process. The customer services team is responsible for logging the complaint and assigning the case to the relevant service area. Service areas are responsible for acknowledging and responding to complaints within the agreed timescales. We have raised a medium priority finding in relation to this, to ensure that there are clear roles and responsibilities for monitoring and reporting as well as overall accountability for managing the complaints process.

The Council manage complaints in a 3-stage process. Stage 1 is an initial formal complaint, stage 2 is an appeal against the response to a complaint, and stage 3 are complaints being sent to the Local Government & Social Care Ombudsman, or the Housing Ombudsman, if the complaint is housing related. Through our testing of a sample of 25 complaints, we found that:

- 20/25 stage 1 complaints were not acknowledged within five working days of receipt. From this, five complaints were responded to and closed down on eCase directly without an acknowledgement sent in line with the complaints handling policy.
- 10/25 cases did not have contact from the relevant officer to the complainant within 10 working days of receipt. Of these 10, 5 are still open on the system (4 from 2021). The worst performer in our sample remains open and has been overdue for more than 52 weeks. On average, open cases have been overdue for more than 40 weeks.
- 4/5 stage 2 cases were not resolved within 28 working days (1 case remains open from 2021). One case from our sample remains open and has been overdue for more than 52 weeks.

Only 2/25 cases met the timescales for acknowledgement and response.

Summary

Overall rating:	Partial assurance with improvements required	
Priority rating:	Control design	Operating effectiveness
High	1	0
Medium	2	0
Low	1	1

Appendix A – Customer Services – Complaints Handling

Conclusion (cont.)

Initial stage 1 complaints are logged on the complaints management system, eCase. As the case progresses to appeal (stage 2), there is no functionality on eCase to escalate the case. As a result, cases are being tracked through email.

Emails are periodically archived in line with the Council's document retention policy, which increases the risk that appropriate documentation may not be retained. We have raised a recommendation that all correspondence and documentation should be retained on eCase. We also note that there are no formal mechanisms to ensure that all complaints received across the Council are passed on to the Customer Service team and logged on eCase. We note that Directors, such as the Service Delivery Director and CEO, receive direct communications from residents making complaints, and that some of these are handled entirely outside of the Customer Service process. Management therefore do not have assurance that all complaints are subject to the same processes and controls, and not all complaints are captured in the system.

At the end of the Council's stage 1 and stage 2 complaints process, complainants are signposted to relevant Ombudsman appeals. Where a case has been referred to an Ombudsman, a separate Policy team is responsible for providing the Council's formal response to the Ombudsman and implementing any actions that arises from their investigation.

Complaints handling performance is regularly reported to Corporate Governance and Standards Committee (CGSC) through the quarterly reporting of complaints handling related performance indicators. These are operating effectively, however, we note that this only includes the number of complaints received and upheld; there is no regular and formal monitoring and reporting on adherence to timeframes set out on the Council's website.

Areas of good practice

- ✓ There is a new Complaints Policy which outlines the 3 stages of complaints, timescales for each stage and expectations of remedies and communication. eCase has a built in function to generate weekly summary emails of open cases highlighting ones which are overdue.
- ✓ Complaints can be made through various ways including the online form on the website, telephone, walk-ins, email and social media.
- ✓ The Council have identified common complaints and introduced a separate process for reporting directing to the relevant service areas. This includes reporting a missed bin collection, challenging a parking fine and planning application complaints.
- ✓ Access rights to eCase is limited and only granted after training is provided.
- ✓ There are specific key performance indicators relating to complaints handling performance reported to the CGSC quarterly.

Appendix A – Customer Services – Complaints Handling

Summary of key findings

Responding to complaints within agreed timescales	2.1 Whilst the Council should not compromise on the quality of investigation or response to complaints, it is crucial that management is able to meet agreed timescales for acknowledgement and response to complaints.
Inclusion of stage 2 and 3 complaints on eCase	2.2 All complaints correspondence and documentation should be stored on eCase to ensure that a complete corporate record is retained.
Completeness of complaints held on eCase	2.3 When complaints are sent directly to senior management at the Council and resolved, it should still be logged onto eCase.
Common complaint themes and feedback loop to service areas	2.4 There is no formal process for reflection of lessons learnt and common themes arising from complaints data.
Weekly summary emails sent to service areas	2.5 eCase has a built in functionality to automate weekly summary emails to be sent to users. Currently, this is an optional add-on for relevant service area users.

Appendix A - Customer Services - Complaints Handling

2.1 Responding to complaints within agreed timescales

High

Whilst the Council should not compromise on the quality of investigation or their response to complaints, it is crucial that management is able to meet agreed timescales for acknowledgement and response to complaints.

Through our testing of a sample of 25 complaints, we found that:

- 20/25 stage 1 complaints were either not acknowledged within five working days of receipt. From this, five complaints were responded to and closed down on eCase directly without an acknowledgement sent in line with the complaints handling policy.
- 10/25 cases did not have contact from the relevant officer to the complainant within 10 working days of receipt. Of these 10, 5 are still open on the system (4 from 2021). The worst performer in our sample remains open and has been overdue for more than 52 weeks. On average, open cases have been overdue for more than 40 weeks.
- 4/5 stage 2 cases were not resolved within 28 working days (1 case remains open from 2021). The worst performer in our sample remains open and is overdue by over 52 weeks.

Only 2/25 cases met the timescales for acknowledgement and response.

Risk: Complaints are not dealt with in a timely manner.

Agreed management action:

1. Assign a central complaints handling role to an individual or a team that is responsible for overall tracking of how service areas are meeting their timescales for complaints handling.
2. Ensure that all relevant members of the team are trained and given access to eCase in order to process complaints.
3. Ensure that service leads are formally responsible for making sure complaints relating to the service area are resolved in a timely manner.
4. Generate a report of open cases from eCase and ensure that these are followed up and closed down appropriately.
5. Include adherence to timeframes in complaints reporting to CGSC.
6. Review timelines and target dates for processing complaints to ensure they remain appropriate and realistic.

Evidence to confirm implementation:

1. Assignment of a central complaints handling role to an individual or a team who is responsible for overall tracking of how service areas are meeting their timescales for complaints handling.
2. Report confirming access rights in eCase.
3. Formal responsibility assigned to service leads to monitor service area performance in meeting timescales for complaints received.
4. Report of open cases from eCase showing long overdue cases closed down.
5. CGSC papers showing reporting that includes adherence to timeframes for complaints.
6. Review of timelines and target dates in policy.

Appendix A – Customer Services – Complaints Handling

2.1 Responding to complaints within agreed timescales (cont.)

Complaints handling at the Council is focused on resolving complaints at the service area level. The Customer Services team are responsible for logging complaints on eCase and assigning complaints to the relevant service area. Beyond this, there is no individual or team in the Council responsible for monitoring that complaints are resolved and closed out on eCase. The Council should assign responsibility to an individual or team to coordinate and monitor how service areas are performing in meeting the timescales.

The complaints reporting that goes to CGSC each quarter should include data showing adherence to prescribed timeframes. This would ensure management and members are aware of performance against the policy.

Responsible person/title:

Relevant Head of Service

Strategy and Communications Manager

Target date:

31 March 2023

Appendix B – Core Financial Controls: Payroll

Conclusion

We reviewed processes and controls around payroll and provide ‘significant assurance with minor improvement opportunities’ (AMBER GREEN) which is higher than management’s forecast rating of amber-red. Our rating is driven by a generally robust control environment with improvement opportunities around codifying processes into policy and procedure documents and to consistently produce and monitor new joiner and leaver monthly summaries.

There are notes and guidance maintained by members of HR and Payroll on the processes to follow and checks to complete as well as individual processes set out in Knowledge Based Articles (KBAs) and Business World (finance system) flowcharts. However, there is no formal policy maintained on a periodic basis and assigned a responsible owner, with clear roles and responsibilities outlined. There are experienced members of the HR and Payroll teams that have a robust understanding of roles and responsibilities, and the necessary skills and experience, however, without formal policies, there is a risk that this strong understanding is not maintained with staff turnover/absence.

We reviewed a listing of all users that had access to the payroll module within the Business World and confirmed these are appropriate and are in the HR/Payroll team.

We tested a sample of 20 new joiners, 20 leavers and 20 employees who had amendments to their salary from 01 July 2021 to 30 June 2022 to assess the robustness and accuracy of payroll checks performed. Although there was communication between Payroll and HR, there were inconsistencies in documentation provided to Payroll to complete their respective checks as well as no audit trail evidencing these checks having been completed. 5/20 new joiners had signed their starting forms after their commencement date and 2 /20 of leavers had signed their leaving forms after their leaving date. Documentation checks were inconsistent for leavers with a leavers form not being received by Payroll for 14/20 of our sample. Management confirmed that the process for leavers is still being confirmed by HR on the extent of support to be received by Payroll.

Reconciliations were performed between the ledger and the payroll system with clear segregation of duties. A BACS report was clearly communicated by Payroll to the BACS Submission team in which a separate authorisation report was provided.



Summary

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

Appendix B – Core Financial Controls: Payroll

Areas of good practice

- ✓ There is segregation of duties in place with three separate teams (HR, Payroll and BACS) all responsible for appropriate stages of payroll process.
- ✓ There is extensive experience and expertise in the team, with individuals displaying appropriate levels of skills, experience and understanding of their roles and responsibilities..
- ✓ 20/20 of new joiners sampled had completed a new joiner form and 20/20 of amendments had been completed appropriately
- ✓ New starter and leaver forms contained relevant and adequate details for HR to utilise in their checks.
- ✓ Access to the payroll module in Business World is limited to appropriate staff who are key to the payroll process.

Summary of key findings

Formal Policies and Procedures

- 2.1** There are no formal policies and procedures outlining the roles and responsibilities of officers across HR, Payroll and Resources.

Completeness of New Joiners and Leavers Summary

- 2.2** The new joiners and leavers summary is not maintained on a monthly basis with proposed actions being overdue.



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