

Causeway Coast and Glens Borough Council

Internal Audit Report Town-Village Management

February 2019
Final

MOORE STEPHENS

INTERNAL AUDIT REPORT

Town-Village Management

Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2018/19. This report summarises the findings arising from a review of Town-Village Management.

Through our audit we found the following examples of good practice:

- The Town and Village Management (TVM) department retain copies of relevant minutes of various partnership and group meetings.
- When CCAG TVM enter into a new partnership detailed terms of references or Service Level Agreements are created and signed by the relevant parties.

There were two findings or recommendations from our audit.

The table below summarises the key risks reviewed:

Risk	Number of recommendations & Priority rating		
	1	2	3
There may be a risk that a framework is not in place or is inadequate, leading to poor planning and execution of work in the area of Town and Village Management resulting in potential reputational damage and financial loss.	-	1	-
There may be a risk that adequate consultation with stakeholders has not taken place leading to reputational damage.	-	-	-
There may be a risk that town and village partnerships, projects and initiatives are not managed appropriately leading to reputational damage and financial loss.	-	-	1
Total recommendations made	0	1	1

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory

Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Points for the attention of Management

We have identified one system enhancements during the course of the audit which does not form part of our formal findings but may help enhance the existing controls. This is detailed at Appendix III.

Executive Summary.....	2
1 Objective	5
2 Background	5
3 Risks	6
4 Audit Approach.....	6
5 Findings and Recommendations	6
5.1 Risk 1 – Framework.....	7
5.2 Risk 2 – Inadequate Consultations	8
5.3 Risk 3 – Projects and Partnerships Inadequately Managed	8
Appendix I: Definition of Assurance Ratings and Hierarchy of Findings.....	9
Appendix II: Summary of Key Controls Reviewed.....	10
Appendix III: Points for the Attention of Management	11

Auditor:	Mark Crawford
Distribution:	Audit Committee Chief Executive Head of Prosperity and Place Director of Leisure and Development
	March 2019

Audit progress	Date
Audit commenced	21 st February 2019
Draft Report issued to senior management for response	1 st March 2019
Responses Received	6 th March 2019
Responses Agreed	6 th March 2019
Report Issued	7 th March 2019

All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council’s internal control system.

1 Objective

The areas for inclusion in the scope of the audit were determined through discussion with management and considered the main risks facing strategic projects and a review the key systems and controls in place to address these. The objective being to ensure that:

- There is an adequate town and village management framework in place
- Processes are operating as expected

2 Background

Causeway Coast and Glens Borough Council (CC&GBC) have two regional hubs (in Coleraine and Limavady) and two local hubs (in Ballymoney and Ballycastle) the borough is home to around forty villages and smaller settlements. CC&G plays an important role in supporting town centres for residents, traders and visitors. Town & Village Management are responsible for conducting this support to create clean, safe, green and vibrant town centres, through supporting local trade and town centre stakeholders.

Past projects have included village regeneration programmes and town centre landscaping through partnership working with government departments. However, as part of the restructuring of the council after four legacy councils amalgamated regeneration is no longer under the remit of Town and Village Management (T&VM) However they can provide assistance and work alongside the regeneration team but do not have the responsibility of facilitating regeneration projects.

The Town and Village Management team operate within Prosperity and Place service under the Leisure and Development directorate. They are responsible for “ensuring the vitality of the Borough’s towns and villages as places to be, they also liaise with representative bodies such as Chambers of Trade and Commerce, working with external partners who have responsibility for regeneration.” The town and village management budget for 2018/19 is £291,000 and there are 3 members of staff within the team.

3 Risks

The risks identified by Internal Audit relating to Town and Village Management and agreed with management are as follows:

1. There may be a risk that a framework is not in place or is inadequate, leading to poor planning and execution of work in the area of Town and Village Management resulting in potential reputational damage and financial loss.
2. There may be a risk that adequate consultation with stakeholders has not taken place leading to reputational damage.
3. There may be a risk that town and village partnerships, projects and initiatives are not managed appropriately leading to reputational damage and financial loss.

4 Audit Approach

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

The table below shows the staff consulted with and we would like to thank them for their assistance and co-operation.

Job title
Town and Village Manager
Head of Prosperity and Place

5 Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

5.1 Risk 1 – Framework

We have one recommendation to make against this risk area.

ISSUE 1 – Planning

- a) Observation-** Audit observed that Town and Village Management (TVM) activities are included in the Annual Business Plan for Prosperity and Place. We note that currently there is no medium-term plan in place for Town & Village Management and the wider Prosperity & Place section in which TVM is located. Audit acknowledges that annual business plans are in place, but this only allows planning in the short-term.

The implementation of a 3-year plan based on reasonable, sound assumptions would assist management as:

- It will give an idea of strategic direction; and considers outcomes as well as outputs (i.e. the impact of your activities and outputs)
- In reality projects and activities are not always cleanly linked to a financial year and many roll over more than 1 year
- It helps in assessing the level of resources required for activities and allows decisions to be made on what outcome can may be achievable within existing resources

A medium-term plan does not need to be viewed as restrictive; it can be reviewed and updated annually but does provide a framework within which to operate.

- b) Implication-** In the absence of a medium-term plan there is an increased risk that appropriate strategic planning is not taking place, potentially leading to reactive activities rather than strategically planned activities. This increases the risk of inefficient use of resources, financial loss or council not realising potential savings

- c) Priority Rating-** 2

- d) Recommendation-** Management should develop a medium-term plan (3 years) which would support annual planning of activities.

- e) Management Response-** A medium plan of 3-5years would be the minimum term. Ideally this should be developed as part of a long term plan. The Long Term Plan should be based on master plans in combination with physical regeneration department to provide a strategic approach to Place Management

- f) Responsible Officer & Implementation Date-** Head of Service, Prosperity & Place.

5.2 Risk 2 – Inadequate Consultations

We have no recommendations in this area

5.3 Risk 3 – Projects and Partnerships Inadequately Managed

ISSUE 2 – Monitoring

- a) Observation-** Audit reviewed the Annual Business Plan monitoring reports used within Prosperity and Place. Each Prosperity and Place operational area manager (including the Town and Village Manager) insert details of their progress against the activities planned in the Annual Business Plan into a template. The Head of Service reviews this populated template and uses it to report to the Senior Management Team. The template includes a column for budget but does not record actual expenditure against budget. In addition, audit was advised
Audit was advised that the TV Manager receives budget reports from finance, and these are discussed with the Head of Service. The Town and Village Manager advised that she does not feel fully competent with her role in financial monitoring as there are no documented roles and guidelines and no training has been provided.
- b) Implication-** As the financial monitoring is not included in the quarterly monitoring reports this reduces the usefulness of a well-designed quarterly report. It increases the risk that actual spend may not be accurately linked to the activities, outputs and any impacts of TVM which may result in projects not being completed or savings not being utilised.
- c) Priority Rating-** 3
- d) Recommendation-** Management should consider updating the current quarterly monitoring report to include a finance section which can provide information such as actual spend vs budget, additional finance sourced, etc.
- Management should also consider providing the Town and Village Manager with training and guidelines on financial monitoring and key considerations when they are reviewing the reports from the finance department.
- e) Management Response-** Agree with the recommendation.
- f) Responsible Officer & Implementation Date-** Head of Service, Prosperity & Place. Adjustments to monitoring report instigated from June 2019. Training will be determined by HR plans for 2019/20

Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

Appendix II: Summary of Key Controls Reviewed

Risk	Key Controls
<p>There may be a risk that a framework is not in place or is inadequate, leading to poor planning and execution of work in the area of Town and Village Management resulting in potential reputational damage and/or financial loss.</p>	<ul style="list-style-type: none"> • The Town and Village Management team in Council has defined roles and responsibilities • Council has an agreed objective(s) in relation to town and village management • There is an appropriately qualified manager to facilitate town/village management. • An approved medium-term plan is in place to support the annual planning of resources – see recommendation • Council's Town and Village Management activities are included in the Annual Business Plan of Prosperity and Place. • There are adequate resources for all Town and Village activities that are detailed within the annual business plan • Any change to the annual business plan which takes place during the year has been appropriately justified and resources identified.
<p>There may be a risk that adequate consultation with stakeholders has not taken place leading to reputational damage.</p>	<ul style="list-style-type: none"> • Plans for town and village projects have been developed in consultation with a variety of local stakeholders • Evidence and results of public surveys are documented and reported. • There are regular ongoing stakeholder meetings/consultations/interactions
<p>There may be a risk that town and village partnerships, projects and initiatives are not managed appropriately leading to reputational damage and/or financial loss.</p>	<ul style="list-style-type: none"> • Partnerships and projects in the area of town and village management are aligned to Council's objectives • Partnerships and projects which are entered into should have clear terms of reference, roles and goals • There are adequate contracts/service level agreements in place for all projects/partnerships that are signed by all parties. • Partnership agreements and documentation is kept and secured • Minutes/notes of any partnership meetings are documented • There is a process for monitoring and taking an overview of town and village management projects which would include activities progress; regular review and monitoring of budget and resources, and timely identification of any issues which would prevent completion of the project • Regular reports are prepared and submitted to senior management team and / or Council to update on town and village management activity progress and expenditure - see recommendation

Appendix III: Points for the Attention of Management

Resources

Audit was advised that with such a small team working on Town and Village Management that significant deviation from planned activities makes it much more difficult to achieve planned activities and projects. As mentioned in Recommendation 1 the implementation of a 3-year plan based on reasonable, sound assumptions would assist management. It would allow management to consider how to balance the resources required for planned activities and allows decisions to be made on what outcome may be achievable within existing resources

In addition to introducing a 3-year plan management may consider assessing if all current resources are at an adequate level for the provision of Town and Village Management activities and if necessary, consider making appropriate adjustments.

Management Response:

When developing a medium to long term plan the structure and capacity of the Town & Village Management team will be a key factor in determining the desired outputs. Implementing a longer term plan will allow for additional resources identified to achieve desired outputs to be factored into the Budget.