



Follow Up Final Audit Report

Stevenage Borough Council – Hertfordshire CCTV Partnership Governance Arrangements 2019/20

November 2019

Issued to: Rob Gregory – SBC Assistant Director, Communities and Neighbourhoods

**Copied to:
(Final Only)** Clare Fletcher – SBC Assistant Director, Finance & Estates
Mary Cormack – SBC Lead Legal Officer
Isabel Brittain – Head of Strategic Finance & Property, East Herts Council
Valerie Kane – Community Safety Manager, Hertsmere Borough Council
Ian Couper – Service Director (Resources), North Herts District Council

Original Report Date: August 2018

Original Assurance: Limited

**Status of
Recommendations:** 9/9 recommendations implemented

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1 Introduction

- 1.1 Internal Audit provides Stevenage Borough Council with an independent and objective opinion on the organisation's governance arrangements, encompassing internal control and risk management, by completing an annual risk-based internal audit plan. This follow up audit forms part of Stevenage Borough Council's approved 2019/20 Internal Audit Plan.
- 1.2 The Hertfordshire CCTV Partnership commenced operations in 1999 as a formal joint initiative between Stevenage Borough Council and North Herts District Council. CCTV monitoring services initially covered public spaces in Stevenage, Hitchin and Letchworth. Thereafter, East Herts Council and Hertsmere Borough Council joined the CCTV Partnership as formal equal partners, expanding the provision to include surveillance of public spaces in additional towns in the county. More than 600 cameras are now monitored 24 hours a day, 365 days a year from the central control room in Stevenage.
- 1.3 Since 2015, the CCTV Partnership has operated a separate private limited company which is wholly owned by the four partners. The arrangement is designed to enable the CCTV Partnership to trade in the market on a commercial basis, with partners equally sharing the financial risk. Partners benefit if the company generates profits and conversely must absorb any losses.
- 1.4 Governance of the CCTV Partnership is achieved through an established two layered model. The Joint Executive, comprising member representatives from each partner, provides strategic oversight of the overall operation (including the commercial trading business) and is the primary decision maker. The Officer Management Board oversees operational and financial performance, and provides the Joint Executive with information and advice to inform the strategic decision making process.
- 1.5 In August 2018, we issued our report to partners on the governance and financial management arrangements of the CCTV Partnership. The report concluded that limited overall assurance was the appropriate position, as our work indicated significant concerns and potential scope for improvement in nine areas. The associated findings raised were all assigned our high priority level, reflecting the emphasis for appropriate and timely remedial action. Partners accepted the findings and proposed a formal action plan in response to address the shortcomings.
- 1.6 As the lead authority for the CCTV Partnership, Stevenage Borough Council has commissioned us to conduct a follow up audit of the original action plan. Given the significance of the findings being reviewed we have sought to prove, through audit verification testing of available evidence rather than relying on management assurance, that the appropriate actions are complete and embedded.

2 Follow Up Conclusion

- 2.1 Based on the work performed in this follow up audit, we have concluded that appropriate evidence exists to confirm that all nine of the areas highlighted in our original report are now complete. This outcome clearly demonstrates a positive direction of travel and step change in the governance and financial management

arrangements of the CCTV Partnership. The Officer Management Board should be commended for its commitment and diligence in working in collaboration to implement the action plan and in its efforts to provide the Joint Executive with open and transparent reports on progress throughout the period.

- 2.2 The position of the original action plan according to the results of this follow up audit is summarised in the table below.

| <u>Finding</u> | <u>Summary Description</u> | <u>Audit Conclusion</u> |
|-----------------------|---|--------------------------------|
| 1 | Governance framework for the CCTV Partnership | Implemented |
| 2 | New Partnership Agreement | Implemented |
| 3 | New Shareholders Agreement | Implemented |
| 4 | ToRs for Joint Executive & Officer Management Board | Implemented |
| 5 | Partner constitutional arrangements | Implemented |
| 6 | New Business Plan | Implemented * |
| 7 | SBC Finance Business Partner support service | Implemented |
| 8 | Partner reporting arrangements | Implemented |
| 9 | Partner charging arrangements | Implemented |





* Subject to appropriate monitoring arrangements for the new business plan being developed and embedded.

3 Audit Commentary

- 3.1 In regards to the intention that partners will incorporate the revised terms of reference for the Joint Executive into their constitutional arrangements, we note that the only outstanding part of the agreed action is for East Herts Council, Hertsmere Borough Council and North Herts District Council to now finalise the arrangements locally at the appropriate time. On that basis we have concluded that the recommendation is implemented, as the Officer Management Board has overseen that partners have taken all reasonable action. As good practice, we would advise the Officer Management Board to update the Joint Executive once the remaining constitutions have been updated.
- 3.2 Although the new business plan for the company has not yet been to the Joint Executive, we understand directors of the company are scheduled to attend and give a presentation on it to members at the meeting in January 2020. This will technically signal conclusion of the first part of the original action, as the new business plan will have been ratified at the company's annual general meeting and considered by the Joint Executive. There is, however, the need to ensure appropriate monitoring arrangements are established to close off the second part of the original action. We note that there are valid reasons for the delay in achieving the planned and revised target dates for the new business plan, and on consideration we have concluded the Officer Management Board has taken all reasonable steps to achieve implementation. Development of the internal service plan for the CCTV service, separately to the action

plan for the original audit, is a positive step and a clear demonstration of Stevenage Borough Council's commitment for ongoing good governance.

Appendix A – Definitions of Findings Priorities

| Priority Level | | | Definition |
|----------------|-----------------------|---|--|
| Corporate | Critical |  | Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately. |
| | High |  | Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently. |
| Service | Medium |  | Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner. |
| | Low / Advisory |  | Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible. |