

Causeway Coast and Glens Borough Council

Internal Audit Report Environmental Health - Licensing

March 2021



INTERNAL AUDIT REPORT

Environmental Health – Licensing

Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2020/21. This report summarises the findings arising from a review of Entertainment and Dog Licensing.

The table below summarises the key risks reviewed:

Risk	Number of recommendations & Priority rating		
	1	2	3
Entertainment licenses may not be processed, charged and issued in a timely manner or in line with legislation leading to customer dissatisfaction	-	-	4
Dog licenses may not be processed, charged and issued in a timely manner leading to customer dissatisfaction	-	-	-
Licence fees may not be receipted and lodged in a timely manner leading to increased risk of misappropriation	-	1	1
In the change to remote working Council licensing staff may not have access to sufficient IT devices and VPNs to ensure licensing activities continue appropriately, leading to potential financial loss and/or reputational damage to the council.	-	-	-
Total recommendations made	0	1	5

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.

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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 Dog and Entertainment Licencing and a review of the key systems and controls in place to address these. The objective was to ensure that:

- There is an adequate dog licensing and entertainment licensing framework in place to facilitate efficient management of activities and reduce the risk of fraud and error
- Dog licensing and entertainment licensing processes are operating as expected
- Council staff have access to sufficient ICT hardware and infrastructure to support the increased number of staff working remotely

2. Background

Located within the Directorate of Environmental Services, the Health and Built Environment service is responsible for providing a range of statutory and advisory services designed to protect and enhance public health and safety, and to contribute to the overall improvement in the health of the community and the quality of life for all living and working in the council area.

The service is responsible for enforcing a wide range of legislation which includes Acts of Parliament, Orders in Council, Regulations, Bye-Laws and Statutory Codes of Practice. Any enforcement action taken by this Service is taken in accordance with Councils enforcement policy.

The aim of the Licensing and Public Protection section of Council's Environmental Health Services is to ensure that public places are safe. This includes the regulation of premises used for entertainment, sale and storage of petroleum, Caravan sites, certain sports grounds, Street trading, and Civil Ceremony or wedding venues. It is also responsible for the control of dogs, animal welfare, Emergency Planning matters and the enforcement of Council byelaws.

The licensing department of Causeway Coast and Glens Council deals with entertainment licences, dog licences, amusement permits, street trading licences and lottery registrations. Many of the licences or permits issued by Council have a fee attached.

If you wish to provide entertainment to members of the public, you must obtain a licence from the Council. If you keep or own a dog, you must also obtain a licence for the dog from the Council. These are the two highest value areas of licence fee income.

The value of the fee charged for entertainment licensing depends on a variety of factors, such as the type of organisation applying; indoor or outdoor event; venue capacity etc. The granting of the licence is dependent on sufficient evidence of compliance with relevant safety measures.

A licence for a dog cannot be issued unless the dog has been microchipped. There are also several different fees which can be charged, and concessionary fees are also available if the applicant is in receipt of certain income related benefits.

Both of these licences are time limited and must be periodically renewed, usually within 12 months.

3. Risks

The risks identified by Internal Audit relating to Licencing and agreed with management are as follows

1. Entertainment licences may not be processed correctly and in a timely manner
2. Dog licences may not be processed correctly and in a timely manner
3. Licence fees may not be receipted and lodged correctly and in a timely manner
4. Staff may not have access to sufficient IT devices and VPNs for licencing activities to continue.

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.

As this audit was performed remotely there were a number of factors that limited the scope of our work. In the absence of access to original documents Audit placed reliance on scanned documents provided by Council officers. In the absence of site visits Audit could not verify the secure storage of cash collected for dog licence fees, although Audit has viewed the relevant strong room as part of previous Audit assignments.

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 – Entertainment licences May Not be Processed Correctly and Timely

ISSUE 1 – Changes Resulting from Covid-19

- a) Observation-** In the very early stages of the pandemic Council officials made a decision that no individual or business would be disadvantaged as a result of the impact of the Covid-19. Licence applications and payments continued to be processed. Council officers worked with applicants to try and resolve any difficulties that arose.

As it became clear that hospitality would continue to be tightly restricted and events would not occur, a decision was taken by Council officials that any money which had been received for entertainment licences relating to the closed down period(s) would be rolled over into the next year. There is no specific reference or requirement specifically mentioning refunds of entertainment fees within the legislation <https://www.legislation.gov.uk/nisi/1985/1208/schedule/1>

In recent weeks, the Department for Communities has issued a revised fee structure whereby the cost of an entertainment licence will be reduced to £1.00.

As a result, Council officials will ensure all fees already held will be rolled over for another year and will put in place an appropriate process to ensure this is appropriately applied.

As of the time of Audit no formal report on this change has been taken to Council.

- b) Implication-** Until Councillors have been formally advised of the implications of the change in fee structure and how officials plan to manage this, there is a small risk of inconsistent advice on this matter arising from Council and its elected members.

- c) Priority Rating-** 3

- d) Recommendation-** A short report on the revised fee structure and how Council officials will manage this should be drafted and brought to Council as soon as is feasible.

- e) Management Response-** A report relating to the revised fee structure has been prepared and will be presented to the Environmental Services Committee in March 2021. Correspondence from DfC was only received 10th February 2021. Officers will seek to apply a consistent approach to the processing of Entertainment Licences across NI through engagement with the NI Licensing Forum (Council Licensing Officers) and officials from the Department for Communities.

- f) Responsible Officer & Implementation Date-** Head of Health & Built Environment, June 2021

ISSUE 2 – Processing Overpayments

- a) Observation-** As referred to in Issue 1 above there is no reference or requirement specifically mentioning refunds of fees within the current legislation <https://www.legislation.gov.uk/nisi/1985/1208/schedule/1>

Audit testing revealed there has been no previous necessity to refund any Entertainment licences. Audit did note that a process does exist which could be applied to generate any refund of overpayments. Currently for Dog-Licencing, where refunds can and occasionally do occur, an officer will check the fee against the licence, note any overpayment amount and then notify business support to raise a refund voucher. This voucher would be approved by the relevant officer and then sent to finance for processing. Audit was advised a similar procedure could be applied to Entertainment licences if it was required.

Audit notes that there is no reference to how a refund process for entertainment licence overpayments should operate in the existing documented procedures.

- b) Implication-** In the absence of a reference to a process for managing overpayments there exists a small risk of uncertainty around this matter for staff who may encounter such a situation.

- c) Priority Rating-** 3

- d) Recommendation-** Include a written note on the issue of refund of entertainment licence overpayments in the documented procedures.

- e) Management Response- Application Processing Procedure to be reviewed and reference made to processing refunds and overpayments.**

- f) Responsible Officer & Implementation Date- Head of Health & Built Environment June 2021**

ISSUE 3 – Completeness of Tascomi Records

- a) Observation-** For entertainment licences all premises are inspected prior to approval. Audit sample testing revealed 1 instance (out of a sample of 10) which indicated an undue delay in finalising the inspection. Further investigation revealed that the inspection was delayed due to the need for a re-inspection (after original non-compliance by the applicant). Audit viewed sufficient correspondence to verify this. However all of the relevant information had not been uploaded onto the Council's Tascomi system.

<p>b) Implication- If all up to date information is not recorded/uploaded onto Tascomi, there is a gap in the audit trail and a risk that if a different officer takes over a specific case (e.g the original officer is unexpectedly absent from work) the new officer may not be fully aware of the up-to-date situation.</p>
<p>c) Priority Rating- 3</p>
<p>d) Recommendation- Staff should be reminded of the importance of keeping Tascomi records fully up to date, including uploads of all supporting documents from the premises file.</p>
<p>e) Management Response- Staff will be reminded of importance to keep physical and electronic records up to date.</p>
<p>f) Responsible Officer & Implementation Date- Head of Health & Built Environment March 2021</p>

ISSUE 4 – Provisional Entertainment Licences

<p>a) Observation- Within the current legislation Council has the power to issue Provisional Entertainment licences in permitted circumstances. Audit found that there have been no applications for Provisional licenses to Council.</p> <p>Upon review of the Councils documented procedures Audit found no guidance on the permitted circumstances for issuing a Provisional licence.</p>
<p>b) Implication- There is a risk of uncertainty around this matter for staff who may be required to issue a provisional licence and a risk the provisional licence may be issued without due consideration to the legally permitted circumstances.</p>
<p>c) Priority Rating- 3</p>
<p>d) Recommendation- Council should expand the existing documented procedures around Entertainment Licencing to include guidance on the permitted circumstances for issuing a Provisional licence.</p>
<p>e) Management Response- Application Procedure to be reviewed and amended to include guidance on the issue of provisional licences.</p>
<p>f) Responsible Officer & Implementation Date- Head of Health & Built Environment June 2021</p>

5.2 Risk 2 – Dog licences May Not be Processed Correctly and Timely

There are no issues to report

5.3 Risk 3 – Licence Fees May Not be Received and Lodged Timely

ISSUE 5 – Documented Procedures

- a) **Observation- Audit found comprehensive** procedures were in place to guide the of issuing dog licences and entertainment licences (with only very minor points noted in Issue 2 and 4 above).

Audit found that a documented procedure “Income Procedure for Dog Licensing” is also in place. Dog licencing income management is a more complex matter due to income being collected using a variety of methods (online, telephone/virtual, in person payments, and applications received in the post), across several Council locations and requiring input from Environmental Services staff, Business Support and other administrative staff. The current documented procedures, while they are reasonably comprehensive, do not include details of the roles and responsibilities of the various staff involved in collecting, recording and reconciling income.

The documented procedures are laid out in a series of bullet point steps and include screen shots to support the use of ‘virtual’ payments i.e. payments taken over the phone and paid for by card.

The procedures are brief in documenting the processes around reconciling the various sources of income to information on the T-Dogs system used by Council to process dog licences.

Audit found the current format of these documented procedures difficult to follow without additional detailed discussion with the relevant staff involved in each income collection method and across different Council locations.

Audit testing of issuing licences and trace testing of income received from source to the bank did not reveal any errors in monies being received or licences being issued. There was no evidence of any delays in monies being received, recorded, or lodged.

<p>b) Implication- If documented procedures are difficult to follow and do not include details of roles and responsibilities across the various Council locations and teams of staff involved, there is a risk of inconsistencies in approach and a risk that emergency cover staff will need a long induction and mentoring to get up to speed.</p> <p>Given the intricacies of the multiple methods of payment, which have evolved over the last number of years, the multiple Council locations and the absence of clearly documented roles and responsibilities, there is an additional risk of inefficiencies in the processes going undiscovered.</p>
<p>c) Priority Rating- 2</p>
<p>d) Recommendation- The Environmental Health Service Team should undertake an exercise to map the current process (preferably using flow charts) and linking the steps to roles and responsibilities across the various teams involved to ensure clarity over the procedures and to identify any opportunities for streamlining.</p>
<p>e) Management Response- The existing text-based procedure was for Environmental Services staff only. It will be reviewed, and flowcharts developed to clarify the process identifying roles and responsibilities and where possible determining efficiencies and reducing risk. This will be a cross cutting exercise involving the Finance section and those responsible for reception staff at all civic buildings.</p>
<p>f) Responsible Officer & Implementation Date- Head of Health & Built Environment/Business Support Manager March 2022</p>

ISSUE 5 – Finance Procedures

<p>a) Observation- Audit found comprehensive documented procedures for Finance staff around managing virtual income. However there is currently no documented procedure in place for the management of WorldPay income.</p>
<p>Implication- There is a risk of inconsistencies in approach especially if emergency cover staff are required to manage this in the unexpected absence of regular staff.</p>
<p>b) Priority Rating- 3</p>
<p>c) Recommendation- Finance should document the existing procedures around managing WorldPay income.</p>
<p>d) Management Response- This Procedure will be documented.</p>
<p>e) Responsible Officer & Implementation Date - Senior Finance Officer (Accounts Receivable) – April 2021</p>

5.4 Risk 4 – Staff May Not Have Access to Sufficient IT devices and VPNs for Licencing Activities to Continue.

Discussions with staff revealed some frustrations around the length of time it took, and the process of identifying need for, sufficient mobile IT equipment and access to Virtual Private Network (VPN) following the switch to homeworking. Audit was advised that at the start of remote working (March/April 2020) only one officer was provided with a VPN however by end February 2021 most of the Environmental Health team had access to a VPN and had laptops. 3 field officers in the Licensing team await the supply of a laptop and VPN line. Audit was advised that despite initial issues licensing services were able to continue.

Audit also enquired about the guidance provided to staff in relation to the change to home working. A draft working for home policy is in place but Audit notes that this policy was originally developed to deal with ad-hoc requests to work from home during normal working practices and not to provide guidance during a complete switch to home working i.e. when the majority of Council staff are mandated to work from home due to current regulations and health and safety concerns. E-mails were issued and articles were published in the staff newsletters relating to Working from Home and Data Protection.

A separate audit assignment is ongoing in the area of ICT. The ICT assignment is focusing on the move to home working and these matters will be looked at in greater detail during that audit.

6. 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.

7. Appendix II: Summary of Key Controls Reviewed

Risk	Key Controls
<p>Entertainment licenses may not be not processed, charged and issued in a timely manner or in line with legislation leading to customer dissatisfaction</p>	<ul style="list-style-type: none"> • There are documented policies and procedures regarding the issuing of entertainment licenses • Licences are only issued on receipt of the following documents within deadline: <ul style="list-style-type: none"> ○ A Fire Risk Assessment complying with the Fire and Rescue Services (NI) Order 2006 and associated regulations ○ Certification of testing/provision of firefighting equipment ○ Certification of installation/testing fire alarm systems ○ Certification of installation/testing of emergency lighting systems ○ An Electrical Installation condition report ○ Certification showing that there is in force a policy of public liability insurance • Sufficient copies of plans of premises are received and reviewed in relevant circumstances (e.g. first time application; new build etc.) • Licences are only issued on receipt of the correct licence fee • If for any reason the application is refused, the fee is returned to the applicant in a timely manner • Any overpayments of the licence fee are identified and reimbursed in a timely manner • All successful applications are accompanied by a fully completed checklist • Certificates of inspection are received where relevant- • Type of licence is verified prior to issue • Occasional licence fees are checked • Premises are inspected as required • Inspections are completed in a timely manner • Details of “Relevant Notices” are entered into the Public Register • Provisional licences are only given in permitted circumstances • Public advertisement of applications is made as required and this is verified • The issue of the licence is adequately recorded in the Council’s systems • Licences are correctly completed, showing the correct details of the premises and owner • Premises are reminded of the need to renew their licences in a timely manner • Tacit consent is only applied when a renewal application is received before the date of expiry of the existing licence. • Premises whose licenses have expired are inspected as required • Licenses are approved and authorised prior to issue in line with Council policy • Any special arrangements put in place relating to licence renewals, in response to Covid-19, have been approved at the appropriate level of Council

Risk	Key Controls
<p>Dog licenses may not be processed, charged and issued in a timely manner leading to customer dissatisfaction</p>	<ul style="list-style-type: none"> • Any special arrangements put in place relating to licence renewals, in response to Covid-19, are in line with legislation and practice across Northern Ireland • There are documented policies and procedures regarding the issuing of dog licences • Fees are charged correctly • Licences are only issued upon receipt of the correct payment • Licences are approved and authorised prior to issue in line with Council policy • Licences are issued in in a timely manner • Licences are correctly completed, showing the correct details of the dog and owner • Licences which have expired are followed up and renewed or removed from the public register as required. • Renewal of licences are issued in line with Council policy • Refunds and transfers of licences are carried out appropriately • The issue of the licence is adequately recorded in the Council's systems • Any special arrangements put in place relating to licence renewals, in response to Covid-19, have been approved at the appropriate level of Council • Any special arrangements put in place relating to licence renewals, in response to Covid-19, are in line with legislation and practice across Northern Ireland
<p>Licence fees may not be receipted and lodged in a timely manner leading to increased risk of misappropriation</p>	<ul style="list-style-type: none"> • Post is opened by more than one officer to prevent misappropriation • Monies received by post are fully recorded • Fees paid in person at Council premises are adequately recorded • Receipts are appropriately issued • Fees paid are held securely until lodgement • Fees are lodged in a timely manner • Online fees received (reports/statements) are reconciled to the licences issued • Online fees received (reports/statements) are agreed to the bank statements • Credit Card payments made over the telephone are reconciled • Lodgements are checked and authorised by Business Support personnel and provided to Finance in a timely manner. • Lodgement of fees is accurately recorded and checked by Finance • All licence fee income is correctly recorded, coded and reconciled from source to bank
<p>In the change to remote working Council licensing staff may not have access to sufficient IT devices and VPNs to ensure licensing activities continue appropriately, leading to potential financial loss and/or reputational damage to the council.</p>	<ul style="list-style-type: none"> • Staff have access to appropriate mobile hardware and other ICT equipment to facilitate home working • There are sufficient VPNs to support remote working • There is a process in place to identify need and to swiftly approve purchase of additional hardware for staff if required to facilitate home working • Adequate 3rd party support for remote workers is in place if needed (i.e Tascomi support) • The switch to virtual meetings occurred in a timely and secure fashion.

Risk	Key Controls
	<ul style="list-style-type: none">• A working from home policy has been put in place which includes advice on how systems will be accessible from home and guidance on how to report ICT issues when working from home• The ICT Helpdesk facility continued operation during the period of remote working• The telephone system handled the switch to remote working i.e., the general public and other stakeholders can still call and speak to relevant licensing staff as required• Staff have been reminded of the importance of ICT Security and GDPR during the period of the pandemic• Manual documentation is stored securely even when working from home; and staff have been reminded that all files containing confidential or personal information is stored in locked drawers/cabinets• Printing when working from home has been restricted and staff have been advised how to securely dispose of Council documents.
