

Thurrock Council

Standards & Audit Committee

Internal Audit Progress Report 2016/17

Date of Committee: 28th February 2017

Introduction

The internal audit plan for 2016/17 was presented to the Standards & Audit Committee on 15th March 2016. This report provides an update on progress against that plan since the meeting on the 15th November 2016.

Table showing reports issued as Final, in Draft or Work in Progress

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
HR Leavers Process	Final	Amber/Green	0	4	2
Business User and Travel Allowances	Final	Advisory	1	3	0
No Recourse to Public Funds	Final	Advisory	0	3	2
Shop Premises	Draft with client		N/A	N/A	N/A
Community Safety	Work in Progress		N/A	N/A	N/A
Leaseholder Charges	Work in Progress		N/A	N/A	N/A
Core Assurance					
Housing Rents	Final	Amber/Green	1	1	0
Payroll	Draft with Audit		N/A	N/A	N/A
Cash & Banking	Work in Progress		N/A	N/A	N/A
Accounts Payable	Work in Progress		N/A	N/A	N/A
Accounts Receivable	Work in Progress		N/A	N/A	N/A
General Ledger	Work in Progress		N/A	N/A	N/A
Social Care Income	Work in Progress		N/A	N/A	N/A
Social Care Expenditure	Work in Progress		N/A	N/A	N/A

Work and other issues for which no reports are generated

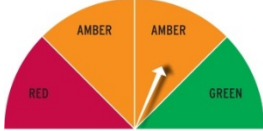
Two new employees were recruited as Assistant Internal Auditors and started working within the service on the 9th and 11th January respectively. These have been financed through some of the budget allocated to the Croydon Framework where we paid for additional resource to enable us to deliver sufficient work to provide an annual opinion. All costs were contained within the existing budget. On the job training for these staff is now being carried out by the Senior Internal Auditors.

Changes to plan

There were two changes agreed with the Director of Corporate Finance & IT to the plan for 2016/17:

- It was agreed that the work on Kynoch Court which was due to take place in Jan/Feb would now take place in April as staff from the service and finance visited the site to introduce new financial procedures in January. The scope of the work will now be around compliance with the new processes.
- The Operational Lead for Revenues and Benefits requested that the work on Council Tax, NNDR and Housing Benefits be carried out early April, rather than March due to the year-end processes. This will need to be reviewed next year in light of government requirements to bring forward the timeframe for the signing off of the Annual Accounts.

Key Findings from Internal Audit Work

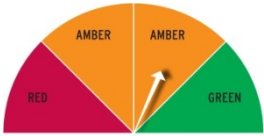
Assignment: HR Leavers Process	Opinion: Amber/Green	
Headline Findings: Our review of HR Leavers Process identified 4 medium and 2 low recommendations around the adequacy of the control framework. We have never undertaken an end to end review of just the leavers' process.		
Action and Response	Responsible Officer	Date
<p>Action - It is recommended that managers are reminded of the importance of passing leavers' information to relevant departments as soon as an employee resigns and the manager accepts it. This should be done through Dashboard. Failure to follow the correct procedure has resulted in overpayments which then consume resources trying to recover the outstanding amount owed.</p> <p>Response – Include manager responsibilities for leavers in the managers handbook Ensure these responsibilities are the focus of a future Thurrock Manager publication. This needs to reference the workflow process as the notification should be automatic if managed through Oracle and if not it needs to be linked to the Oracle Project.</p>	<p>Improvement Manager Strategic Lead HR & OD</p>	<p>31 March 17</p>
<p>Action - Whilst acknowledging that exit interviews are not mandatory, it is recommended that managers are reminded to encourage their staff to take part in an exit interview during the notice period. This will assist the Council in ensuring that potential lessons are learned and appropriate action can be taken to reduce staff turnover if the reason for them leaving still exists e.g. poor staff morale, difficulties with the role, lack of resources etc. This could be particularly relevant in hard to recruit areas such as Adult and Children's Services.</p> <p>Response - Include manager responsibilities for leavers in the managers handbook Ensure these responsibilities are the focus of a future Thurrock Manager publication.</p>	<p>Improvement Manager Strategic Lead HR & OD</p>	<p>31 March 17</p>
<p>Action - Consideration should be given to making the end date on the Oracle Contingent Worker Form mandatory and it should only allow the manager to enter an end date that does not exceed the start date by more than 6 months. If the agency worker or consultant is working for the Council longer than this, a new form should be submitted. As part of the Oracle Improvement Programme, consideration could also be given to having a workflow process that sends out an email reminder, 2 weeks before the end date is reached, to remind the manager that access will be removed and provide a checklist to remind them to get the agency staff or consultant to return any assets they have been provided with by the Council. Not only would this reduce the likelihood of agency staff or consultants who have left still having access to systems or assets they should no longer have, but would also act as a reminder to the</p>	<p>Strategic Lead HR & OD and ICT Senior Project Manager</p>	<p>31 March 17</p>

<p>manager to review whether this person is still required.</p> <p>Response - HR are working with ICT to work through new forms and workflows via Oracle that would allow managers to enter requests for agency and contractor accounts to be closed down and for kit and passes etc. to be reclaimed.</p> <p>Only contingent workers that have management responsibilities are currently entered into Oracle. This is to enable workflow processes to work. The Improvement Programme is looking into options for interfaces between Oracle and Matrix to hold all contingent workers, which could then pick up on some of these issues. However, in relation to manager notifications of end dates, it may be simpler to implement these notifications directly from Matrix. This should be discussed with Matrix.</p>		
<p>Action - It is recommended that all Managers should be reminded to use the Dashboard to record staff who are leaving. Further training should be arranged if required. As part of the Oracle mapping exercise consideration should be given to introducing a workflow process that sends out an automatic reminder to the manager, prior to the member of staff's leaving date, which provides a checklist of the steps they need to take, including getting back Council assets, and who they need to contact. This would also assist managers by providing guidance on what to do with the assets following collection from the leaver. This should improve the reallocation of assets and reduce the likelihood of assets not being returned.</p> <p>Response - Include manager responsibilities for leavers in the managers handbook</p> <p>HR to develop a leavers checklist for Managers to work through (similar to induction checklist) to ensure all elements are picked up</p>	<p>Improvement Manager Strategic Lead HR & OD</p>	<p>31 March 17</p>

Assignment: Business User and Travel Allowance	No opinion provided for advisory reports	Advisory
<p>Headline Findings: Our review of Business User and Travel Allowance was carried out as an advisory review following the Chief Internal Auditor's attendance at a London Audit Group meeting where another authority highlighted the potential risks of staff receiving an allowance to which they were not entitled. As a result, it was agreed with the Director of HR, OD & Transformation that Internal Audit undertake an advisory review in this area. The review identified 1 high and 3 medium recommendations and was reported to Directors Board on the 24th January 2017.</p>		
Action and Response	Responsible Officer	Date
<p>Action - In the current economic climate, it is recommended that a project is initiated to review the BUA scheme. The Council needs to determine how it can appropriately reward those staff who contractually require a vehicle and use it regularly to carry out their work, whilst reducing costs and removing the allowance from those who loosely interpret the criteria as a means to reward staff both financially, and with an allocated free car parking space. There are a number of options which the Council could consider including the following:</p> <p>Option 1 - No change – not feasible as staff who should not be getting the allowance are getting it.</p> <p>Option 2 - Align BUA to specific job roles – may be complicated to set up as would need to identify all of those roles that meet the criteria. Could be a longer term solution.</p> <p>Option 3 - Reassess all current staff receiving BUA – could be carried out quickly, would have an immediate impact and likely to result in significant savings.</p> <p>Option 4 - Remove BUA completely – could be considered in the longer term but would need widespread consultation and likely to have an initial cost to “buy out” existing staff receiving the allowance.</p> <p>It is suggested that management should consider implementing option 3 as soon as possible to maximise the potential savings in the short to medium term and look at options 2 and 4 in the longer-term to reduce the likelihood that BUA is paid to those not entitled to receive it.</p> <p>Response – Has been built into the procedure. Upon receipt all appeals and reviews are logged on the management spreadsheet and attached to the application. A note is also placed on the application stating which officer it has been passed to. Officers have also been reminded that they need to complete the spreadsheet upon completion of the appeal or review. This has been fed into 6 month PDR reviews.</p> <p>Response - Agreed that option 3 that a full review is carried out as soon as possible.</p> <p>It was noted that this is a process that was carried out by the payroll team annually but was suspended due to pressures within the payroll</p>	<ol style="list-style-type: none"> 1) Andrew Brown 2) Lindsey Simons 3) Lindsey Simons 4) Janet Cox/Gary Clifford 5) Andrew Brown 6) <i>Gary Clifford</i> 	<ol style="list-style-type: none"> 1) 31 March 17 2) 31 January 17 3) 31 January 17 4) 31 January 17 5) 31 May 17 6) <i>ASAP</i>

<p>team.</p> <p>Actions agreed were as follows:</p> <ol style="list-style-type: none"> 1) Managers to complete a review as at the 31st March 2017. 2) Script to be drafted for the HRA to brief directorates. 3) Communication to be drafted for managers to raise findings of report. 4) Report to be brought to the Director of HR and OD with a view to raise this at Directors Board. 5) Managers will be given until the 31 May 2017 to provide BUA assessment. Failure to provide assessment will result in the BUA being suspended. 6) <u>Internal Audit Comment</u> <i>The report went to DB on 24th Jan 17 and it was agreed that Internal Audit would check all BUA forms and report back to DB as soon as the work was completed.</i> 		
<p>Action - It is recommended that the four weeks rent in advance should always be taken from applicants who are not already, or cannot prove their eligibility to Housing Benefits as they may not qualify. This will reduce the likelihood of arrears accumulating if benefits are not payable at the time the tenancy starts.</p> <p>Response – The sign up process does state that the applicant must prove their eligibility to claim HB if they do, they only pay 4 weeks water rates and any Top up. If they can't prove this they must pay 4 weeks full rent up front. Refresher training to be given to all EO's by their Team Leaders.</p>	<p>Tenancy Manager & Team Leaders</p>	<p>November 2016</p>
<p>Action - All staff should sign a Declaration of Interest Form annually. The line manager should also make them aware that under the Council's Code of Conduct, they must declare any potential conflict as it arises, so the work can be reallocated to someone who has no personal interest. This will reduce the likelihood of staff being accused of potential misconduct or fraud.</p> <p>Response – This needs confirming with HR as if it applies to Allocation staff it should apply to all staff in Housing</p>	<p>Allocations Manager</p>	<p>September 2016</p>
<p>Action - Housing need to adopt, and make staff aware of, a consistent naming convention to ensure all files can be located using the same search criteria. Guidance should be sought from the Objective team on the best way to do this. This will ensure there is an audit trail to support all tenancy transfers and inspections. In addition, transfer inspections should be carried out as soon as possible, preferably prior to the transfer date, to ensure tenants do not end up in arrears for repairs needed to their former property.</p> <p>Response – EO's were instructed on naming documents at the introduction of EDRMS. Refresher training to be rolled out to all EO's on correct naming procedure.</p>	<p>Tenancy Manager & Team Leaders</p>	<p>November 2016</p>

Assignment: No Recourse to Public Funds	No opinion provided for advisory reports	Advisory
Headline Findings: Our review of No Recourse to Public Funds was carried out as an advisory review following discussions with the service who acknowledged that there were problems. A senior member of staff who was responsible for administering and visiting families assessed as NRPF had left which had resulted in a gap in the services knowledge and resources. The review identified 3 medium and 2 low recommendations.		
Action and Response	Responsible Officer	Date
<p>Action - Local policies and guidance need to be reviewed on a regular basis. In addition, the policy needs to be accessible to all relevant staff. This will provide clarity and consistency across the department and reduce the risk of legal challenge. The policy framework in place should determine the help available to those clients eligible for assistance and provide guidance for those who do not qualify.</p> <p>Response – The policy will be reviewed on a 6 monthly basis in conjunction with legal.</p>	Service Manager, MASH & CFAT/ Service Manager for Family Support and Adolescents EC Services	May 2017
<p>Action - A subsistence framework covering payments provided by the local authority is required. It should take into consideration government guidelines for asylum support and the NRPF framework. Whilst there is no definitive guideline on exactly how much subsistence should be given to people with NRPF supported by local authorities, they must be able to demonstrate that any subsistence payments meet the essential living needs of client. This reduces the risk of legal challenge based upon inequality or failure to meet statutory duties.</p> <p>Response – A review of the NRPF cases in FST has already begun.</p> <p>Where long term support is provided all families have been written to and appointments have been made to review the overall financial support offered.</p>	Service Manager for Family Support and Adolescents EC Services	March 2017
<p>Action - The Authority needs to identify the associated costs for NRPF cases and carry out a spend analysis. In determining the costs involved and any emerging trends, the Authority can consider undertaking an options appraisal to determine its strategic approach and the resources and specialist skills required. This should include looking at a formal joint working arrangement with Housing services and local and national charities to identify whether there are better ways to deliver accommodation in the short and longer term. A lack of appropriate resources and a strategic approach may result in an increase in Legal challenges to the Authority and an overspend resulting from a lack of quality data.</p> <p>Response – A single spreadsheet will be developed to incorporate and track the weekly accommodation and subsistence costs. A dedicated cost code for NRPF clients has been implemented with Finance colleagues.</p>	Service Manager, MASH & CFAT/ Service Manager for Family Support and Adolescents EC Services	February 2017

Assignment: Housing Rents	Amber/Green	
Headline Findings: Our review of Housing Rents identified 1 high and 1 medium recommendation around the adequacy and application of the control framework. Both of these recommendations had been raised as part of the last review so the risk rating was raised to reflect the need for them to be actioned.		
Action and Response	Responsible Officer	Date
<p>Action - It is recommended that former tenants' debts are referred to the Debt collection Team regularly and promptly. The process for collecting debt needs to be reviewed and new guidance issued. A meeting should be organised between the Housing Accountant, Rents & Welfare Manager and the Debt Manager to agree the process moving forward, including a realistic provision for bad debts that cannot be recovered from former tenants with rent arrears. Failure to correctly treat debt can result in loss of income to the Council.</p> <p>Response – Housing Accountant, Rents & Welfare Manager and Debt Manager to meet to scope out joint working arrangements within 1 month. Thereafter minimum monthly meetings to establish joint working and performance measures.</p>	<p>Housing Rents & Welfare Manager/ Debt Manager/ Housing Accountant</p>	<p>End of January 17 for first meeting</p>
<p>Action - It is recommended that access to the Northgate System is reviewed on an annual basis. Managers should be sent a list of their staff with access to the system and asked to confirm whether they still require access.</p> <p>Response - Access to Northgate is currently up to date as the system is currently being implemented. Section Head will review access at any change in employee circumstances and a formal review of all employees will take place not less than every 12 months.</p>	<p>Housing Rents & Welfare Manager</p>	<p>First review 30 April 2017</p>