

Thurrock Council

Standards & Audit Committee

Internal Audit Progress Report 2017/18

Date of Committee: 19th July 2018

Introduction

The internal audit plan for 2017/18 was presented to the Standards & Audit Committee on 28th February 2017. This report provides an update on progress against that plan.

Table showing reports issued as Final

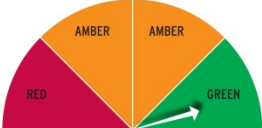
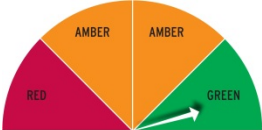
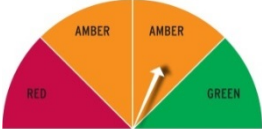
Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Section 17 Payments	Final	Green	0	2	2
Better Care Fund	Final	Green	0	0	3
Children's Care Packages	Final	Amber/ Green	0	3	3
General Data Protection Regulations	Final	Green	0	2	1
Register of Gifts, Interests & Hospitality	Final	Green	0	0	2
IR35	Final	Amber/ Green	1	1	0
Responsive Repairs & Maintenance (Housing)	Final	Amber/ Green	0	3	4
Insurance	Final	Green	0	0	3
Waste Disposal Contracts	Final	Green	0	1	2

Work and other issues for which no reports are generated

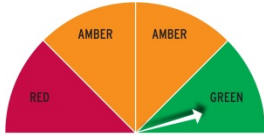
Further work has, and is still being carried out on the payment by results funding provided as part of the troubled families programme. Meetings have been held with the service and the supplier of the system being used to record claims and evidence.

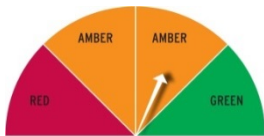
There have been no further changes to the plan from those previously reported.

Key Findings from Internal Audit Work

Section 17 Payments	Opinion: Green	
<p>Headline Findings: Our review of Section 17 Payments identified 1 medium and 2 low recommendations around the adequacy of the control framework. Under Section 17 of the Children Act 1989 it is the general duty of every local authority to safeguard and promote the welfare of children within their area who are in need, and so far as is consistent with that duty, to promote the upbringing of such children by their families, by providing a range and level of services appropriate to those children's needs. Any service provided by an authority in the exercise of functions conferred on them by this section may be provided for the family of a particular child in need or for any member of their family, if it is provided with a view to safeguarding or to promote the child's welfare. The type of assistance delivered may include: subsistence towards living costs; financial support for clothes and items of furniture; transport to school; and hotel accommodation. Overall, tests confirmed that the council provides a range and level of services appropriate to the needs of children in receipt of Section 17 payments and the money is used effectively. There had been no previous review undertaken in this area.</p>		
Action and Response	Responsible Officer	Date
<p>Action – The previous year's expenditure should be used as a guide during the budget planning process to ensure that budgets are set at a level that reflects anticipated spend. This would assist in showing that financial control is robust and there is an effective use of resources.</p> <p>Response - The budgets for expenditure for the year are set by DMT. CSC finance support team, in conjunction with the service managers and team managers, manages the expenditure and controls of the budget.</p>	<p>Corporate Director Children's Services Assistant Director - Children's Care and Targeted Outcome</p>	<p>Dec 18</p>
Assignment: Better Care Fund	Opinion: Green	
<p>Headline Findings: Our review of the Better Care Fund identified 3 low recommendations around the adequacy of the control framework. The Better Care Fund provides a mechanism for joint health and social care planning and commissioning, bringing together ring-fenced budgets from Clinical Commissioning Group (CCG) allocations, the Disabled Facilities Grant (DFG) and funding paid directly to local government for adult social care services – the Improved Better Care Fund (IBCF). There were good controls identified in respect of the governance arrangements around joint planning, scheme authorisation and commissioning and funds were being spent appropriately. There had been no previous review undertaken in this service area.</p>		
Assignment: Children's Care Packages	Opinion: Amber/Green	
<p>Headline Findings: Our review of Children's Care Packages identified 3 medium and 3 low recommendations around the adequacy of the control framework. Good practice was identified around the approval panel process, invoicing arrangements and performance monitoring. There had been no previous review undertaken in this service area.</p>		
Action and Response	Responsible Officer	Date
<p>Action - (Disabled Children Team) Social workers should be instructed to keep plans up to date with reviews and complete with child development needs and any historical information about the child and family and demonstrate how provision of the child's needs and support needed for parents will be</p>	<p>Strategic Lead Prevention, Team Manager</p>	<p>On-going</p>

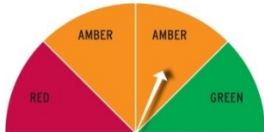
<p>Action - A deadline for documenting the legal basis for processing personal data should be negotiated and agreed with all data owners and support provided where needed to ensure this task is completed in time for compliance with the regulation.</p> <p>Response - This is part of our GDPR compliance action plan and deadlines have been set. Reports have been taken to DB on this and reports will be taken in the future to ensure compliance.</p>	Strategic Information Management Lead,	On-going
--	--	----------

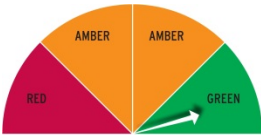
Assignment: Register of Gifts, Interests and Hospitality	Opinion: Green	
<p>Headline Findings: Our review of the Register of Gifts, Interests and Hospitality identified 2 low recommendations around the adequacy of the control framework. The review focussed on providing assurance on whether members and senior officers were compliant with the Council's Constitution and Codes of Conduct in declaring any gifts, hospitality or pecuniary and non-pecuniary interests. There were no significant issues to report. The 1 low recommendation from the previous review had been implemented.</p>		

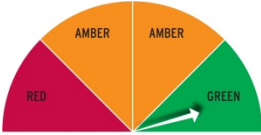
Assignment: IR35	Opinion: Amber/Green	
<p>Headline Findings: Our review of IR35 identified 1 high and 1 medium recommendation around the adequacy of the control framework. From 6 April 2017, changes to the current intermediaries' legislation, known as IR35 were introduced. IR35 is applied to off-payroll working in the public sector, including those in the NHS, councils, armed forces, police, schools, and further and higher education. Where the rules apply, people who work in the public sector through an intermediary will pay employment taxes in a similar way to employees. Where the end client is not defined as a public authority, then the rules continue to operate as before. Guidance was available to staff on the council's intranet site with links to the HMRC's IR35 tool so managers can check a suppliers status to determine if IR35 was applicable. There had been no previous review undertaken in this service area.</p>		

Action and Response	Responsible Officer	Date
<p>Action - All suppliers categorised as consultancy or professional services should be identified from Oracle and the IR35 employment status check applied. This should also be applied to consultants set up pre April 17 who still provide services to the council. This will ensure the council is compliant with the relevant legislation.</p> <p>Response - A review of all suppliers with active PO's under the 'consultancy' category on iSupplier and confirmation from the responsible managers on the IR35 status of these consultants.</p>	Improvement Manager along with responsible managers and procurement	End July 2018
<p>Action - The Improvement Manager should check a sample of Employment Status checks of suppliers set up as self-employed to gain assurance that the council are complying with the legislation. Initially, these checks should be regular but could be reduced as assurance is gained that correct processes are being followed. This reduces the likelihood of the council being non-compliant.</p> <p>Response - Improvement Manager will check all determinations following completion of recommendation 1.1 above and after that will review each new determination as completed as part of the process and checks by procurement when setting up a new supplier in this category or when a new PO is</p>	Improvement Manager & Procurement Lead	August 2018 for initial check of existing consultants

created. IR35 training has been arranged for managers for 6 July 2018 which should assist in the accuracy of determinations carried out by responsible managers going forward.		
---	--	--

Assignment: Responsive Repairs and Maintenance (Housing)	Opinion: Amber/Green	
Headline Findings: Our review of Responsive Repairs and Maintenance (Housing) identified 3 medium and 4 low recommendations around the adequacy of the control framework. Good practice was identified around the governance arrangements, price per property repairs and exclusions were monitored and reported regularly, good communication between internal and external partners and roles and responsibilities within the contract were clearly defined. There had been no recent review undertaken in this service area.		
Action and Response	Responsible Officer	Date
<p>Action - A record of all decisions to increase the prices agreed, in contract or otherwise, needs to be maintained in order to support invoice payments. A lack of evidence to support financial decisions made may result in a lack of control over contractor's payments.</p> <p>Response - A new folder has been created on Objective for the recording of all correspondence relating to contractual decisions. Documents relating to the annual contractual uplift will be recorded in this way.</p>	Housing Asset Investment & Delivery Manager	April 2018
<p>Action - A Partnership Risk Register is required to monitor key corporate risks, both new and emerging, and to identify those operational risks that need to be managed. A lack of risk identification and rating could impact on the performance of the contract.</p> <p>Response - The risk register has been reviewed and will be monitored on a monthly basis as a partnership at Core Group. Strategic risks will be monitored on a bi-annual basis at Partnership Group.</p>	Assistant Director – Housing, Housing Asset Investment & Delivery Manager	April 2018
<p>Action - A reconciliation of data on Northgate and data held on Oracle needs to be undertaken. This will confirm the financial information produced as a result of raising repairs and can be confirmed to data interfaced to Oracle.</p> <p>Response - The parameters of a data reconciliation required needs to be clarified. It needs to be confirmed whether the reconciliation is required at overall budget level, invoice level or transaction level. This would be a cross service project as any reconciliation would need to be fully supported by ICT who control the interface of the two systems and the housing finance team who control the Oracle reporting.</p>	Assistant Director – Housing, Housing Asset Investment & Delivery Manager, Housing Asset Management Delivery Manager, ICT/Finance	On-going

Assignment: Insurance	Opinion: Green	
Headline Findings: Our review of Insurance identified 3 low recommendations around the adequacy of the control framework. The review identified good processes around the level of cover, claims handling process, payments of premiums, self-insurance and performance monitoring. There were no significant issues to report. There has not been a review of this area for a number of years so there were no previous recommendations to follow-up.		

Assignment: Waste Disposal Contracts	Opinion: Green	
Headline Findings: Our review of Waste Disposal Contracts identified 2 medium and 2 low recommendations around the adequacy of the control framework. There were good controls over the governance around the procurement process, approval to proceed to tender, evaluation of tenders, performance reporting and monitoring, invoicing and budget management. As this was a reasonably new contract, no previous review had been undertaken in this service area.		
Action - A record of the decisions made at the evaluation and moderating meetings, during the procurement exercise, should be retained to complete the audit trail; in addition to the scoring. This will give confidence that the evaluation process is straightforward, transparent and open to scrutiny. Response - This will now be undertaken for future procurements.	Strategy & Special Projects Lead	On-going
Action - The master spreadsheet needs to be protected and checked by the responsible officer regularly. Weighbridge tickets need to reconcile to invoice statements. This will ensure that records are accurate and timely. Response - Spreadsheet amended to take account of recommendations.	Performance Improvement Team Leader	July 2018