

Thurrock Council

Standards & Audit Committee

Internal Audit Progress Report 2017/18

Date of Committee: 21st September 2017

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, in Draft or Work in Progress

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Emergency Planning	Final	Green	0	0	3
Temporary Accommodation	Final	Amber/Green	1	2	1
Risk Management	Draft		N/A	N/A	N/A
Section 17 Payments	Draft		N/A	N/A	N/A
Performance Development Review (PDR)	Draft		N/A	N/A	N/A
VAT	Draft		N/A	N/A	N/A
Extensions to contracts of consultants	Draft		N/A	N/A	N/A
Integrated and Primary Care – Sexual Health	Work in Progress		N/A	N/A	N/A
Provider Services – Collection of Income	Work in Progress		N/A	N/A	N/A
Cyber Security	Work in Progress		N/A	N/A	N/A
Responsive Repairs & Maintenance	Work in Progress		N/A	N/A	N/A
Core Assurance					
Accounts Payable	Final	Green	0	3	2
Cash & Banking	Final	Green	0	0	6
HR & Payroll	Draft		N/A	N/A	N/A
Council Tax	Draft		N/A	N/A	N/A
Housing Benefits	Draft		N/A	N/A	N/A
NNDR	Draft		N/A	N/A	N/A
Main Accounting & Budgetary Control	Draft		N/A	N/A	N/A

Work and other issues for which no reports are generated

Internal Audit, through the Chief Internal Auditor, led on the work of the Annual Governance Statement (AGS) which forms part of the annual accounts process. In 2016/17, CIPFA (Chartered Institute of Public Finance and Accountancy)/SOLACE (Society of Local Authority Chief Executives) required councils to change their Local Code of Corporate Governance to align it to the core principles. The AGS for 2016/17 had to be developed around this new framework. This work was completed

to timeframe with the draft AGS being put onto the council's website by the end of June. The External Auditors have now completed and signed off their review of the AGS and it is deemed to be compliant.

We have undertaken 2 pieces of ad hoc work at the request of senior management. The first related to concerns raised around a council grant funded project. This work is continuing and is subject to an on-going investigation so will be reported in due course. The second involved a data breach which the council's Information Manager reported to the Information Commissioners Office (ICO). The ICO did not feel there was a need to penalise the council but Internal Audit were asked to look at lessons learned that could be used to reduce the likelihood of similar breaches occurring in the future. An internal report was discussed with Director's Board on 30th August 2017.

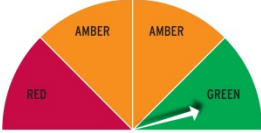
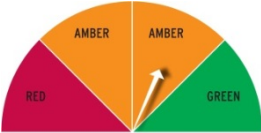
Changes to plan

Community Safety review deferred (previously reported on 6th July).

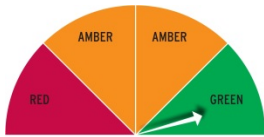
Work commenced on Leaseholder Charges which formed part of a Joint Working Agreement with the London Borough of Barking & Dagenham (LBBD), who provided the management of the service and some other resources. However, changes to the management structure within the service at LBBD resulted in information not being provided. The Housing Department were notified of this. In addition, the feeling that LBBD were not providing the service that was being paid for resulted in a notice to cease the arrangement being issued to them in July. Therefore, it was agreed that, whilst the work had already commenced, further work should be delayed until the new management arrangements had been put in place after the service comes back in house in mid-September 2017.

At the request of senior management, the scope of the review around Primary Care Contracts – Sexual Health has been extended to cover Integrated Care – Sexual Health. This was agreed as the original area to be reviewed only represents a small part of spend on sexual health. The increased scope is likely to have an impact on resources and this will be discussed with the relevant senior management to determine which work can be deferred into the next annual planning cycle.

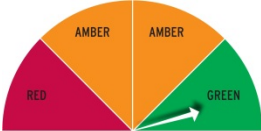
Key Findings from Internal Audit Work

<p>Assignment: Emergency Planning</p>	<p>Opinion: Green</p>	
<p>Headline Findings: Our review of Emergency Planning did not identify any issues or areas of concern around the adequacy of the control framework. There were good controls around the following areas which were reviewed as part of the audit process: policies and procedures; budgetary control; critical activities and responsibilities have been fed into the major incident plan; identifying and addressing training needs; and business impact and risk assessments are undertaken in compliance with the council's risk management strategy and reported to senior management. The 3 medium and 3 low recommendations from the previous audit had been implemented.</p>		
<p>Assignment: Temporary Accommodation</p>	<p>Opinion: Amber/Green</p>	
<p>Headline Findings: Our review of Temporary Accommodation identified 1 high, 2 medium and 1 low recommendations around the adequacy of the control framework. In providing our assurance opinion, we have taken into account that the high level recommendation had already been identified and work was underway to address the issue. We have not undertaken a review in this area for a number of years so did not revisit the previous recommendations.</p>		
<p>Action and Response</p>	<p>Responsible Officer</p>	<p>Date</p>
<p>Action - The budget setting process for temporary accommodation needs to be more robust and should incorporate the expected income and a provision for bad debt in relation to income collection. This will ensure Oracle accurately reflects the expected income, actual income and income not yet collected (debt).</p> <p>Response – A full suite of budget monitoring measures is in development and the Assistant Director is working closely with Finance to put all necessary mechanisms in place. A dynamic supply-and-demand model is being used to track all key variables (new admissions into temporary accommodation, 'net loss' figure for private properties based on difference between collectable rent and charges paid, etc.) and proper bad debt and write-off procedures will be instigated shortly.</p>	<p>Assistant Director of Housing/ HRA & Development Accountant</p>	<p>September 2017</p>
<p>Action - The Temporary Accommodation Manager should consider negotiating better nightly rates with B&B's and hotels where possible, particularly where the council has spent significant sums over the last two years across Homelessness and Children's Social Care for similar provision. A record of agreements in place with B&Bs needs to be in writing, including any negotiated rates agreed. This will ensure the council is getting value for money when placing homeless persons in temporary accommodation.</p> <p>Response - A full review of current properties and associated rates is in progress. Where properties are spot-purchased the communications between the team and the supplier will be captured as an audit trail of the procurement. The scope for meaningful rate reductions may be limited due to Thurrock's relatively low bargaining power in the niche temporary accommodation market (which we intend</p>	<p>Assistant Director of Housing</p>	<p>Internal – September 2017 Work with other services – March 2018</p>

<p>to reduce rather than increase by minimising the overall use of temporary accommodation), however more favourable terms will be pursued wherever possible.</p> <p>To reduce corporate spend in the area of private accommodation we will be exploring the possibility of joint working with other services to procure all accommodation at the lowest possible cost.</p>		
<p>Action - The collection of rental income for temporary accommodation needs to be associated with an account on Northgate Housing in line with the other rent accounts for permanent council housing. Alternative payment options should also be extended to homeless clients, where possible, to manage the collection of rent. Once this has been actioned, reconciliation between the amounts received on Northgate and posted to Oracle should be undertaken on a monthly basis. This will ensure the accounts of people placed in temporary accommodation are monitored more efficiently and help to make the income collection process more effective.</p> <p>Response - These issues will be fully addressed when the Northgate temporary accommodation module is implemented and rents can be collected via a number of payment methods including direct debit, standing order and card payments. They will then be managed alongside the council's permanent housing rent management by the rents team.</p> <p>In order to mitigate the risks we are implementing a phased approach so that some parts of the module can be implemented sooner. Management of placements into the hostels is now live on the system allowing the team to monitor numbers and the movement of residents. No rents are collected by the council for these properties.</p> <p>Furnished lets are next to be implemented and our ICT colleagues are working closely with the Revenues and Benefits team to ensure that eligible subsidy can be maximised and matched appropriately. It is anticipated that the whole module will be live by October 2017.</p>	<p>Housing Strategy & Quality Manager</p>	<p>October 17</p>

<p>Assignment: Accounts Payable</p>	<p>Opinion: Green</p>	
<p>Headline Findings: Our review of Accounts Payable identified 3 medium and 2 low recommendations around the adequacy of the control framework. Whilst the number of medium recommendations would ordinarily result in an Amber/Green assurance opinion, none of these is directly attributable to the Account Payable team and this has been reflected in the assurance opinion. 2 are the direct responsibility of budget holders and their need to comply with finance procedure rules and 1 relates to issues for IT. The 1 medium and 3 low recommendations from the previous review had been actioned.</p>		
<p>Action and Response</p>	<p>Responsible Officer</p>	<p>Date</p>
<p>Action - It is recommended that ICT cleanse the Oracle system to ensure that only current employees remain on the list. In addition, a new user form should be designed with specific tick boxes which would allow managers to tick which access level their staff require. In the longer term, the issue of cloning other users'</p>	<p>Oracle Senior Application Consultant</p>	<p>31/3/2018 31/8/2017</p>

<p>access should be raised with the Oracle Improvement Programme team to determine if individual access levels, linked to job roles, can be developed.</p> <p>Response – Staff leavers will be taken off the Oracle system by the end of the financial year.</p> <p>A new user form with specific tick boxes will be redesigned.</p>		
<p>Action - It is recommended that budget holders are reminded that purchase orders need to be raised on the iProcurement system prior to the purchases being made. This ensures that there is an appropriate authorisation and available budget to procure the goods/services before they are received.</p> <p>Response – Agreed – will send a reminder. Please note that with purchase cards a PO is not required.</p>	Section Manager	01/08/17
<p>Action - It is recommended that budget holders are reminded to receipt and/or submit invoices promptly to ensure payments are processed in line with the supplier's terms and conditions. Failure to do so could result in the council incurring fines and penalties under the Late Payment of Commercial Debts (Interest) Act 1998.</p> <p>Response – Agreed. Will send a reminder in addition to the system workflow reminders, weekly hold reports and monthly BVPI08 reports that staff already receive.</p>	Section Manager	01/08/17

<p>Assignment: Cash & Banking</p>	<p>Opinion: Green</p>	
<p>Headline Findings: Our review of Cash & Banking did not identify any issues or areas of concern around the adequacy of the control framework. There were good controls around the following areas which were reviewed as part of the audit process: bank reconciliations; identifying and dealing with discrepancies; receipting and recording income; record keeping; and cash collection. The 3 low recommendations from the previous audit had been implemented.</p>		