

# Thurrock Council

## Standards & Audit Committee

## Internal Audit Progress Report 2018/19

Date of Committee: 27 September 2018

## Introduction

The internal audit plan for 2018/19 was presented to the Standards & Audit Committee on 6<sup>th</sup> March 2018. 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
<b>Audits to address specific risks</b>					
Community Safety	Final	Amber/ Green	0	3	4
Disabled Facilities Grants	Final	Green	0	0	4
Direct Payments (Adults)	Final	Amber/ Green	0	2	5
Holy Cross Catholic Primary School	Final	Green	0	0	3
Right to Buy	Final	Green	0	2	2
Housing Rents	Final	Amber/ Green	1	2	1
Sickness Management	Draft	N/A	N/A	N/A	N/A
Key Performance Indicators (Adults)	Draft	N/A	N/A	N/A	N/A
Unaccompanied Asylum Seekers	Draft	N/A	N/A	N/A	N/A
Car Parking Income	WIP	N/A	N/A	N/A	N/A
Street Cleaning	WIP	N/A	N/A	N/A	N/A
Children's Centres	WIP	N/A	N/A	N/A	N/A
Transforming Homes	WIP	N/A	N/A	N/A	N/A

### **Work and other issues for which no reports are generated**

Further significant work has, and is still being carried out on the payment by results funding provided as part of the troubled families programme. Further meetings have been held with the service and the supplier of the system being used to record claims and evidence. Additional meetings have been held with a consultant who is undertaking a service review and we have agreed to undertake an internal audit of processes and practices before the end of October 2018. In the meantime, we continue to undertake sample testing of claims before submission to MHCLG.

Department for Business, Energy and Industrial Strategy (BEIS) Trading Standards Sub Grant – Review of income and expenditure to provide assurance that the grant was spent in accordance with the terms and conditions – Grant value £130,000.

Department for Transport (DoT) Bus Subsidy Ring-Fenced (Revenue) Grant - Review of expenditure to provide assurance that the grant was spent in accordance with the terms and conditions – Grant value £45,263.

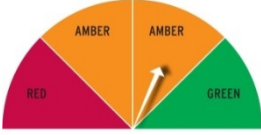
Following receipt of a complaint regarding housing adaptations works on a tenant's property that did not meet the tenants' needs, an audit was carried out to identify any

lessons that could be learned. An end to end audit review was undertaken at the request of the Corporate Director of Adults, Housing and Health. As a result, new processes have been introduced which will improve cross departmental working and reduce the likelihood of similar issues arising in the future.

### **Changes to the Annual Plan**

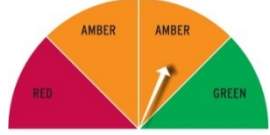
There have been no further changes to the plan from those previously reported. However, it is anticipated there will be a significant impact on resources due to the additional work being undertaken on the troubled families programme which may result in other audits being deferred or taken out of the plan.

## Key Findings from Internal Audit Work

Community Safety	Opinion: Green	
<p><b>Headline Findings:</b> Our review of the <b>Community Safety</b> identified 3 medium and 4 low recommendations around the adequacy of the control framework. Section 17 of the Crime and Disorder Act 1998 (revised) places an obligation on local and other named authorities to consider the implications on crime and disorder and community safety in all their activities and do all they reasonably can to prevent them. The overall conclusion was that the governance and control arrangements for the Community Safety Partnership were robust and well managed but more clarity was needed around the council's own internal processes. The 1 high, 2 medium and 1 low recommendations from the previous audit had been implemented.</p>		
Action and Response	Responsible Officer	Date
<p><b>Action</b> – Key corporate policies and service plans should be reviewed to ensure that they are brought up to date and reflect that S17 Crime and Disorder Act requirements have been considered. This helps to demonstrate that the council is complying with the legislation.</p> <p><b>Response</b> - Review service plans to ensure linkage. This also needs to be reflected in the Homelessness Plan and Health and Wellbeing Strategy.</p> <p>Service plan template for 2019 to incorporate a section on S17.</p>	All Directors	March 2019
<p><b>Action</b> – A review should be undertaken to clearly define and communicate to relevant stakeholders within the council, the position and authority of community safety and the officer responsible for driving the council's crime and disorder reduction strategy to enable the council to achieve compliance with Section 17.</p> <p><b>Response</b> - Review of strategic board membership and ensure all services are appropriately represented.</p> <p>DB to ensure processes are in place across all services and are embedding section 17 within their areas of responsibility.</p>	Strategic Enforcement and Community Protection	Lead and December 2018 Service Plans March 2019
<p><b>Action</b> – The council's policy and system for managing Anti-Social Behaviour and the level of resources available to the service should be reviewed to ensure the council is able to respond in a more appropriate and adequate way to investigate and tackle all anti-social behaviour incidents within the community. This reduces the risk of reputational damage that may arise if the council is being seen as only tackling ASB amongst its own tenants.</p> <p><b>Response</b> - Housing are the only service who have ASB Officers. Previously there were posts within Community Safety which were withdrawn several years ago.</p> <p>Service to review and consider options for either a combined ASB team or another to address non tenant issues.</p> <p>Currently there is no funding available and this will need to be considered against other corporate priorities. Business plan to be developed to look at resourcing and developing service to include private tenure.</p>	Strategic Enforcement and Community Protection	Lead and December 2018

<b>Assignment: Disabled Facilities Grant</b>	<b>Opinion: Green</b>	
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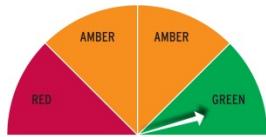
**Headline Findings:** Our review of the **Disabled Facilities Grant (DFG)** identified 4 low recommendations around the adequacy of the control framework. Mandatory DFGs are available from local authorities in England and Wales and the Housing Executive in Northern Ireland. They are issued subject to a means test and are available for essential adaptations to give disabled people better freedom of movement into and around their homes, and to give access to fundamental facilities within the home. The review did not identify any significant concerns and good controls were identified around the DFG application process, collection of evidence to support awarding of grants, work commencement and follow up and the quotation process. The 3 medium and 4 low recommendations from the previous audit had been implemented.

<b>Assignment: Direct Payments (Adults)</b>	<b>Opinion: Amber/Green</b>	
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**Headline Findings:** Our review of **Direct Payments (Adults)** identified 2 medium and 5 low recommendations around the adequacy of the control framework. Direct Payments are “the Government’s preferred mechanism for personalised care and support” (Care Act, statutory guidance, paragraph 12.2). They are a payment made by the council directly to individuals who have been assessed as having eligible needs for identified social care support services. It is one way in which people can be in control of acquiring care and support services that the council would otherwise provide to best meet their assessed needs. Direct payments puts service users in control of their own care by making them responsible for choosing their care service provider, negotiating service quality/level, paying any invoices from care suppliers and accounting to the council for any money spent. There were good controls around the calculations of the initial financial assessments and financial review processes. The 1 high, 2 medium and 1 low recommendations from the previous audit had been implemented.

<b>Action and Response</b>	<b>Responsible Officer</b>	<b>Date</b>
<p><b>Action</b> - The administrative cost of managing underspend could be reduced by eliminating the need to send out requests for repayment where a client’s bank account is in excess of the 8 weeks tolerance. Consideration should be given to replacing requests for payment with a process that involves adjusting or withholding subsequent payment to the client until existing funds have been utilised. This should reduce the likelihood of clients building up excessive balances and improve cash flow within the council which can then be spent on other services to residents.</p> <p><b>Response</b> - Direct Payments cannot be stopped from a vulnerable adult this could potentially put the service user at risk of ill health. However, we are able to refer this underspend to a social worker for a reassessment of overstated care hours. We are also able to recover money from the service user and Purple at any point. If we feel all other appropriate measures have been taken we are able to email service managers to suspend the direct payment or stop the direct payment.</p>	<p>Acting Customer Finance Team Manager</p>	<p>On-going</p>
<p><b>Action</b> - Whilst there are clear policy and guidelines, the service need to comply with them in respect of financial reviews. In addition, the annual review process should be undertaken in a timely manner. This ensures clients receive the direct payment they need to meet their needs, not too much or too little.</p> <p><b>Response</b> - Agree there should be more yearly checks on quarterly returns. At present there is only</p>	<p>Customer Finance Team Manager</p>	<p>Dec 18</p>

one Direct Payment Officer therefore this is not achievable. In the next few months customer finance are aiming to recruit another Direct Payment Officer so this will be more efficient moving forward and quarterly returns will be checked within a reasonable time frame. All procedures have been updated for Direct Payments.		
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<b>Assignment: Holy Cross Catholic Primary School</b>	<b>Opinion: Green</b>	
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**Headline Findings:** Our review of **Holy Cross Catholic Primary School** identified 3 low recommendations around the adequacy of the control framework. Good controls were identified around the school's governance, security of staff records, the collection of income, debt management and data security. There were no significant issues in the other areas tested. The 2 medium and 2 low recommendations from the previous audit had been implemented.

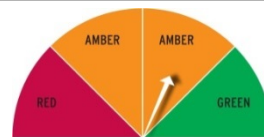
<b>Assignment: Right to Buy</b>	<b>Opinion: Green</b>	
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**Headline Findings:** Our review of the **Right to Buy** identified 2 medium and 2 low recommendations around the adequacy of the control framework. The Housing Act 1985 allows secure council tenants the opportunity to purchase their home at a discounted price from full market value, dependent on length of tenancy. The Act also applies to assured tenants of Registered Social Landlords who previously held secure tenancies with local authorities. The amount of discount given depends on how long a tenant has lived in the property and the type of accommodation i.e. house or flat. Under the scheme, the maximum discount available from April 2018 is £80,900 across England and £108,000 in London Boroughs. There were good controls around the processes for checking the eligibility of a tenant to apply to buy their home under the scheme. No recent reviews have been undertaken recently in this area.

Action and Response	Responsible Officer	Date
<p><b>Action</b> - If the applicant does not respond to the Section 125 Offer Notice within the 12 weeks allowed, a Section 140 default notice should be served to the tenant. If no response is received by the end of the default notice period (56 days), a Section 141 notice should be issued and, if no further response is received during this period, a further 56 days, the tenant's application should be deemed to be withdrawn and be cancelled.</p> <p><b>Response</b> - Ensure Northgate system is used to manage and monitor progress of application and with triggers for with relevant notices at appropriate timescales.</p>	Home Ownership Manager	31/10/18
<p><b>Action</b> - It is recommended that statutory timescales for accepting or denying an application and sending offer notices are adhered to. Management need to monitor cases to identify any delays and serve notice to the tenant of the reason for these delays. This reduces the likelihood of the council incurring additional charges and reduced income from the sale.</p> <p><b>Response</b> - As above. Northgate system to be used to track applications and monitor timescales, reports to be produced to identify potential delays</p>	Home Ownership Manager	31/10/18

**Assignment: Housing Rents**

**Opinion:  
Amber/Green**



**Headline Findings:** Our review of **Housing Rents** identified 1 high, 2 medium and 1 low recommendations around the adequacy of the control framework. Rent is set annually based on central government guidance. Tenant accounts are maintained by the Housing Rents Team who are responsible for collecting rents and the recovery of rent arrears from both current and former tenants. The team is split into different patches with each given the responsibility of monitoring rent accounts for their allocated patch. The 1 high recommendation from the previous review was actioned but due to a change in system from Saffron to Northgate, the medium recommendation was no longer applicable.

Action and Response	Responsible Officer	Date
<p><b>Action</b> - It is recommended that the processes and procedures for dealing with arrears of tenants who rent garages are reviewed and strengthened. In line with the collection of other income, when a tenant fails to pay their rent on a garage, the council should issue a set number of reminder notices followed by a notice to quit and as a last resort, repossess the garage if the tenant fails to bring their account up-to-date. This ensures the council receives the income that is due.</p> <p><b>Response</b> - Garage arrears processes to be refreshed and implemented in line with recommendations.</p>	Strategic Lead, Housing Operations	31 Dec 2018
<p><b>Action</b> - It is recommended that the Finance Procedure Rules are updated to reflect the current arrangements. The Monitoring Officer should be removed as they are not consulted and do not authorise write offs. In addition, the rules should include a reference to the fact that some senior managers may be given delegated authority by the Director of Finance &amp; IT to write off amounts up to a pre-determined level without requiring further consultation. The HRA and Development Accountant should not authorise the write off of debt as she actions the journals in the accounts so there is no separation of duties.</p> <p><b>Response</b> - Agreed. The Finance Procedure Rules within the Constitution will be updated to reflect current practice. The HRA and Development Accountant will no longer authorise the write off of debt.</p>	Director of Finance & IT	30 Sept 18
<p><b>Action</b> - It is recommended that the Interim Assistant Director Housing, Strategic Lead Operations and Strategic Lead Revenues &amp; Benefits meet to develop an approach to recover debts from former tenants. Consideration should be given to referring these to the Debt Management Team so they can be pursued in line with the processes for managing other types of debt under the Fair Debt Policy. This will ensure debts are robustly chased and income is maximised.</p> <p><b>Response</b> - Meeting to be arranged with all parties as per recommendation. Assistant Director Housing to be in post on 22 October. Meeting to be once AD housing in post</p>	Interim Assistant Director Housing, Strategic Lead Operations and Strategic Lead Revenues & Benefits	31 Oct 2018