

# Thurrock Council

## Standards & Audit Committee

## Internal Audit Progress Report 2019/20

Date of Committee: 12<sup>th</sup> September 2019

# Introduction

The internal audit plan for 2019/20 was presented to the Standards & Audit Committee on 14<sup>th</sup> March 2019. This report provides an update on progress against that plan.

## **Table showing reports issued as Final, in Draft and Work in Progress (WIP)**

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
<b>Audits to address specific risks</b>					
Children's Centres	Final	Green	0	0	2
Schools Catering	Final	Green	0	0	1
Grays Convent	Final	Green	0	3	1
Financial Top Ups	Final	Green	0	0	2
Environmental Health - Local Air Quality Management	Final	Green	0	0	5
Car Parking Income	Final	Advisory	1	8	1
Fleet Management	Final	Advisory	0	6	1
Stores Management	Final	Advisory	3	6	3
BSI ISO 9001 - Cemeteries	Final	Consultancy	N/A	N/A	N/A
Business Continuity Management	Draft	N/A	N/A	N/A	N/A
Mileage	Draft	N/A	N/A	N/A	N/A
Housing Rents	Draft	N/A	N/A	N/A	N/A
Payroll (including HR)	Draft	N/A	N/A	N/A	N/A
Corporate Health and Safety	WIP	N/A	N/A	N/A	N/A
Trading Standards	WIP	N/A	N/A	N/A	N/A
Purchase Cards	WIP	N/A	N/A	N/A	N/A

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

The work around the payment by results funding provided as part of the troubled families programme continues.

The Chief Internal Auditor is currently involved in investigating a grievance as the investigation officer.

The Chief Internal Auditor is also undertaking a review around a specific procurement to determine that correct procedures were followed around the tender and awarding of contracts.

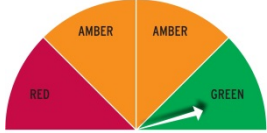
An audit of the grant return to the National Trading Standards Board has been carried out to determine that the grant was spent in accordance with the requirements of the grant. This related to work being undertaken by the Trading Standards team at the London Gateway and Tilbury Port. The grant was for £133,500 and had been spent and accounted for correctly.

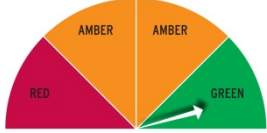
## **Changes to the Annual Plan**

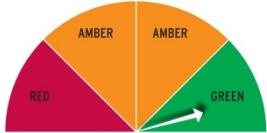
It is anticipated there will continue to be a significant impact on resources due to the additional work being undertaken on the troubled family's programme which may result in other audits being deferred or taken out of the plan. However, increased confidence in the process could mean we reduce our sample size. This will be discussed with the Director of Finance & IT and the service lead officer.

Internal Audit were approached to undertake a series of audits for Environmental Health to enable them to retain their British Standards Institution (BSI) ISO 9001 accreditation. In the past, the service had paid an external consultant (£500 per day for at least 6 days per year) to undertake this work. Unfortunately, the contractor could no longer continue providing the service. The reviews involve testing the policies, procedures, processes, risk management and quality management arrangements in each of the service areas. Initially, whilst the staff are familiarising themselves with these services, the process is likely to be fairly resource intensive but this will reduce as they gain more knowledge and skills.

## Key Findings from Internal Audit Work

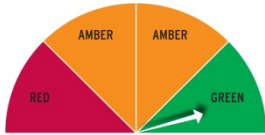
<b>Assignment: Children's Centres</b>	<b>Opinion: Green</b>	
<p><b>Headline Findings:</b> Our review of the <b>Children's Centres</b> identified 2 low recommendations around the adequacy of the control framework. The objective was to review the revised strategy with children's centres, and ensure there are processes in place to monitor service provision and ensure the council is concentrating on the most vulnerable families, in addition to obtaining Best Value. The review concluded that there had been a considerable amount of work carried out across the borough to reach families with young children and encourage them to develop skills and improve life chances. There were no significant concerns and the 2 medium recommendations from the previous review had been implemented.</p>		

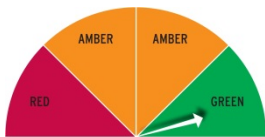
<b>Assignment: School's Catering</b>	<b>Opinion: Green</b>	
<p><b>Headline Findings:</b> Our review of the <b>Schools Catering</b> identified 1 low recommendation around the adequacy of the control framework. The objective was to ensure the service provided by Thurrock School Catering is providing good Value for Money. Good practice was identified in that the Catering Team have taken advantage of the London Contracts Supply Group (LCSG) to give Thurrock access to better discounts. There were no significant concerns and there has been no recent review in this area so no recommendations to follow up.</p>		

<b>Assignment: Grays Convent</b>	<b>Opinion: Green</b>	
<p><b>Headline Findings:</b> Our review of the <b>Grays Convent</b> identified 3 medium and 1 low recommendations around the adequacy of the control framework. The main issues identified were around the raising of invoices, payment of goods and signing of overtime forms. The 1 medium and 2 low recommendations from the previous audit had been implemented.</p>		

<b>Action and Response</b>	<b>Responsible Officer</b>	<b>Date</b>
<p><b>Action</b> – It is recommended that all orders are raised before receipt of the invoice to ensure that only goods that are required by the school are received, authorised and management information reports are up to date and accurate.</p> <p><b>Response</b> - Procedures will be put in place</p>	Personnel/Finance Manager	ASAP
<p><b>Action</b> – It is recommended that invoices are paid within the agreed time limits. This reduces the likelihood that the school will incur additional costs through non-compliance with the Late Commercial Payments Act.</p> <p><b>Response</b> - Procedures will be put in place</p>	Personnel/Finance Manager	ASAP
<p><b>Action</b> – An overtime claim form must be completed and signed by all staff carrying out additional hours before it is handed to the Finance &amp; Personnel Manager for checking and forwarded to the Headteacher for authorisation. This ensures there is a proper audit trail and payments are transparent and properly authorised.</p> <p>Details on the form should include: Name; Date; Start time; Finish time; Hours worked; Reason for overtime; Claimant signature; Approval (e.g. Headteacher or other senior delegated officer) signature.</p>	Headteacher Personnel/Finance Manager	ASAP

<b>Response</b> - Recruitment team do chase managers, however suggest new process implemented where onboarding does not commence unless interview notes provided by the manager and interview panel members.		
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<b>Assignment: Financial Top Ups</b>	<b>Opinion: Green</b>	
<p><b>Headline Findings:</b> Our review of the <b>Financial Top Ups</b> identified 2 low recommendations around the adequacy of the control framework. The objective was to ensure that third party tops ups are paid appropriately and a debt is not incurred to the Authority. This audit looked at the out of borough residential and respite placements to evaluate the impact any potential debt incurred may have on the council. It was noted that the authority does not operate a Top-Up Service currently and any additional cost incurred over and above the authority's rates have to be paid by the service user or representative directly to the home. There were no significant concerns identified during this review. There has been no previous review in this area.</p>		

<b>Assignment: Environmental Health – Local Air Quality Management</b>	<b>Opinion: Green</b>	
<p><b>Headline Findings:</b> Our review of <b>Environmental Health – Local Air Quality Management</b> identified 5 low recommendations around the adequacy of the control framework. The objective was to provide assurance that the council complies with its statutory obligation to monitor local air quality and report to the Department for Environment, Food and Rural Affairs (DEFRA) through the annual statutory report (ASR). Monitoring and reporting of the local air quality status is overseen by the Environmental Protection Team while development and implementation of air quality action plans is the responsibility of transport planning. Whilst there were no significant concerns, a number of low level recommendations were made. These mainly related to the need to revive the Air Quality Officers Task Group who could then relay information to senior management in a timely and relevant manner. There has been no previous review in this area.</p>		

<b>Assignment: Car Parking Income</b>	<b>Advisory</b>	<b>Opinion not provided</b>
<p><b>Headline Findings:</b> At the request of management, Internal Audit undertook an advisory review of <b>Car Parking Income</b>. The objective of the review was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to provide recommendations for improvement. Whilst we do not issue an opinion for advisory reviews, we do make recommendations and this review identified 1 high, 8 medium and 1 low recommendations around the adequacy and application of the control framework. It was pleasing to note that all the recommendations have been, or are in the process of being actioned. The main issues have been addressed through a full review of the service which resulted in changes to the management structure, relocation of the team and the move to cashless ticket machines which reduces the likelihood of loss of income through fraud or theft.</p>		

<b>Assignment: Fleet Management</b>	<b>Advisory</b>	<b>Opinion not provided</b>
<p><b>Headline Findings:</b> Due to a change in the senior management structure of the service, management requested that Internal Audit undertake an advisory review of <b>Fleet Management</b>. The objective of the review was to review the Fleet management system Fleetmaster and evaluate the efficiency of the management of vehicles supplied for Environment, as well as vehicles supplied to other Services. Whilst we do not issue an opinion for advisory reviews, we do make recommendations and this review identified 6 medium and 1 low recommendations around the adequacy and application of the control framework. The main issues were around the contract with the software provider which needed to be reviewed as it had been in operation since 2010, the need to distribute monthly reports to senior management and the need to introduce key performance indicators to measure and improve the efficiency of operations. All recommendations were accepted by management and are, or will be implemented. This will be checked through a follow up review as part of the BSI ISO 9001 work.</p>		

Assignment: Stores Management	Advisory	Opinion not provided
<p><b>Headline Findings:</b> Due to a change in the senior management structure of the service, management requested that Internal Audit undertake an advisory review of <b>Stores Management</b>. The objective of the review was to evaluate the overall efficiency of stores management activities in particular; materials requisitions, stock ordering, pursuit of best value (market testing) and monitoring of operations. The review also looked at the risk management, control and governance processes in place to ensure the effectiveness of stores management activities. Whilst we do not issue an opinion for advisory reviews, we do make recommendations and this review identified 3 high, 6 medium and 3 low recommendations around the adequacy and application of the control framework. The main issues were around:</p> <ul style="list-style-type: none"> <li>• the need to introduce a stores manual to provide guidance on stores operations;</li> <li>• improve segregation of duties;</li> <li>• introduce a business continuity plan to address potential service disruptions;</li> <li>• develop relevant KPI's to monitor performance;</li> <li>• undertake bi-annual stock checks; and</li> <li>• implement a process to capture any obsolete stock so they can be formally written off as part of the stock check process.</li> </ul> <p>All recommendations were accepted by management and are, or will be implemented. This will be checked through a follow up review as part of the BSI ISO 9001 work.</p>		

Assignment: BSI ISO 9001 - Cemeteries	Consultancy	Opinion not provided
<p><b>Headline Findings:</b> The British Standards Institution (BSI) ISO 9001 is defined as the international standard that specifies requirements for a quality management system (QMS). Organisations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements. Within Environmental Services, the accreditation covers a broad spectrum of services including cemeteries, waste, street cleansing, highways, fleet and stores, play, arboriculture, parks &amp; open spaces and parks/sports. Following the previous auditor withdrawing from the contract to undertake the work prior to regular inspections by the BSI, the internal Audit Service was approached to see if they would undertake the work. Following meetings with the relevant senior manager, this was agreed. This report is the first one issued and the control activities that were tested as part of the quality management system were as follows:</p> <ul style="list-style-type: none"> <li>• Legislation and Policies;</li> <li>• Leadership;</li> <li>• Planning;</li> <li>• Risk Management;</li> <li>• Infrastructure and Support;</li> <li>• Operational Performance;</li> <li>• Customer Satisfaction and Review; and</li> <li>• Improvement and Corrective action.</li> </ul> <p>The areas across the burials service that were checked across these control activities included:</p> <ul style="list-style-type: none"> <li>• Administration of Burials;</li> <li>• Burial Site Management;</li> <li>• Equipment and Vehicle Management;</li> <li>• Performance; and</li> <li>• Safety Training.</li> </ul> <p>Whilst the level of checking undertaken by the auditors was more comprehensive than that undertaken by the external contractor, the level of assurance it should provide to the inspectors is also increased. Overall, the service were compliant across all areas reviewed. However, a couple of recommendations were made to help strengthen controls further.</p>		