

Thurrock Council

Standards & Audit Committee

Internal Audit Progress Report 2020/21

Date of Committee: 24th November 2020

Introduction

The internal audit plan for 2020/21 was presented to the Standards & Audit Committee on 9th July 2020.

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

Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Public Contracts Regulations 2015	Final	Amber/ Green	0	2	4
Housing Rents	Final	Amber/ Green	1	0	1
BSI ISO 9001 - Fleet	Final	Consultancy	0	0	1
BSI ISO 9001 – Country Parks	Final	Consultancy	0	0	4
DBS Checks	Draft	N/A	N/A	N/A	N/A
No Recourse to Public Funds	Draft	N/A	N/A	N/A	N/A
Project Management	Draft	N/A	N/A	N/A	N/A
Water Charges	Draft	N/A	N/A	N/A	N/A
Accounts Receivable	Draft	N/A	N/A	N/A	N/A
Extra Care	Draft	N/A	N/A	N/A	N/A
Adoption	WIP	N/A	N/A	N/A	N/A
Fostering	WIP	N/A	N/A	N/A	N/A
Houses in Multiple Occupation	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 has completed 1 internal investigation relating to concerns raised by senior management at a sheltered housing complex. An internal report has been issued to management and recommendations have been accepted.

Audits of 2 grant returns for Bus Subsidy Grant 19/20 and National Trading Standards Board Grant 19/20 for work at the ports, have been carried out to determine that they were spent in accordance with the grant requirements. The value of the grants were £45,263 and £150,000 respectively and they had both been spent and accounted for correctly.

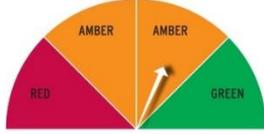
Changes to the Annual Plan

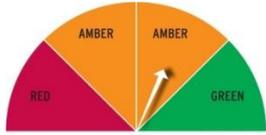
When the annual plan was originally discussed with senior management, the COVID-19 pandemic had not been identified within the UK. However, this all changed during March and it is anticipated there will continue to be a significant impact on the plan due to the pandemic, which is impacting on front line council services and staff availability. As a result, it has been agreed with the Corporate Director of Finance, Governance and

Property that we will contact individual members of Directors Board to revisit the plan and identify specific areas where they feel internal audit input would be beneficial. As a result of this, we will need to monitor the plan on an on-going basis to allow us to proactively react to changes in priorities and the plan.

In addition, 1 senior member of the team left in June 2020, which has had an impact on the resources available to undertake the work in the plan. Whilst it was agreed with the Corporate Director of Finance, Governance and Property that the service required additional resources and budgets were put in place, there is currently a recruitment freeze unless the post is deemed to be critical to the operations of the council.

Key Findings from Internal Audit Work

Assignment: Public Contracts Regulations 2015	Opinion: Amber/Green	
<p>Headline Findings: Our review of the Public Contracts Regulations 2015 identified 2 medium and 4 low recommendation around the adequacy of the control framework. Public procurement is the process of acquiring goods, works and services from third parties through a contractual process that is generally opened to the public. In the UK, the award of public contracts by public bodies to third parties is governed by the Public Contract Regulation 2015. The objective of this audit was to ensure the council's procurement processes comply with these regulations. The focus of the audit was on the review of control procedures around the governance and contract award processes. There has not been a specific audit around this area so there were no previous recommendations to follow up on.</p>		
Action and Response	Responsible Officer	Date
<p>Action – The procurement team should take regular training on key elements of the public contract regulation to improve their effectiveness in its application.</p> <p>Response - In the past six months there has been two Legal Seminars arranged by the procurement department. One was an in-house half day session entitled 'Public Procurement – Spotting the Issues' presented by Mills and Reeves and the other was a Procurement Alliance Essex half day 'virtual' session entitled 'Legal and Procurement update presented by ELS Solicitors'. There are also monthly Continuous Improvement Meetings (CIM), but in the past six months these have concentrated on Oracle and its continued roll out. Whilst I am not comfortable with a 'Medium' risk rating, this is accepted on the basis that procurement training could be undertaken on a more regular basis.</p> <p>From the August CIM meeting there will be more of a concentration on procurement related issues and a procurement quiz will be introduced.</p>	Senior Category Manager	September 2020
<p>Action – Evaluators should be offered adequate training and should meet to discuss the basis for scoring bids prior to the assessment of tenders for major contracts. The sample evaluation sheet prepared to provide guidance to evaluators should include clear and objective basis for awarding scores for each admissible criteria to limit the scope for arbitrary decisions.</p> <p>Response - It is important to note that there is a full range of evaluation guidance available and issued to evaluators. Having said that, there is not a formal process of arranging pre-evaluation meetings prior to any evaluation commencing. Prior to the introduction of Oracle there were clear examples on the evaluation sheet which explained what would constitute an 'unacceptable', 'poor', 'good', 'very good' or 'excellent' score. This was not carried forward with the introduction of Oracle but will now be added. The scope for making 'arbitrary' decisions is minimised as there is always a moderation meeting where individual evaluation scores are reviewed. Having said that it is agreed that a formal process of pre-evaluation meetings will take place (presently via SKYPE) for all new procurements/new evaluators.</p>	Senior Category Manager	August 2020

Assignment: Housing Rents	Opinion: Amber/Green	
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Headline Findings: Our review of the **Housing Rents** identified 1 high and 1 low recommendation around the adequacy of the control framework. The objective of the audit was to undertake a review of Housing Rents to verify that an adequate level of controls exist over the setting, collection and accounting for Housing Rents. As well as Housing Rents, the review also looked at the processes around collecting rents for garages. It was noted that Housing Rents arrears had increased but it was acknowledged that this was unavoidable due to Covid-19 pandemic and in particular to:

- People losing their jobs or being furloughed.
- Increase in Universal Credit claimants and the first payment not being received until around 6 weeks after the claim.
- Suspension of housing possession action. Therefore, no evictions have taken place in the current financial year.
- The Notice to Seek Possession (NSP) which previously required 4 weeks' notice have now been extended to six month which means that cases where Notices are being currently issued will not be taken to court in this financial year.

A check of the recommendations from the previous audit identified that 1 high and 1 medium recommendation had been implemented. The remaining 1 medium and 1 low recommendation have been repeated as part of this review with the medium being escalated to high.

Action and Response	Responsible Officer	Date
<p>Action – Garage rent arrears should be monitored more closely and action taken to address arrears in line with council procedures. This will ensure the council maximises its income from garage rentals.</p> <p>Response - Unfortunately due to Covid 19 the officer was self-isolating and returned 1st June where the arrears were addressed and have since reduced by 25% and continues to reduce. These accounts are currently monitored on a weekly basis and I don't expect there to be any further concerns in this area.</p>	Housing Rents and Welfare Manager	October 2019

Assignment: BSI ISO 9001 - Fleet	Consultancy	Opinion not provided
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Headline Findings: 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 collection, street cleansing, highways, fleet and stores, play, arboriculture, parks & open spaces and parks/sports. This report is the fourth one issued and the control activities that were tested as part of the quality management system were as follows:

- Legislation and Policies;
- Leadership;
- Planning;
- Risk Management;
- Infrastructure and Support;
- Operational Performance;
- Customer Satisfaction and Review; and
- Improvement and Corrective action.

The areas across the Fleet Service that were checked across these control activities included:

- Team Planning;
- Roles and Responsibilities
- Safety training;
- Vehicle, Plant and Equipment Management;
- Operation and Support;

- Performance and Budget Management;
- Fees and Charges;
- System and Service Improvements; and
- Change Management.

Overall, the service were compliant across all areas reviewed.

Assignment: BSI ISO 9001 – Country Parks

Consultancy

Opinion not provided

Headline Findings: 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 collection, street cleansing, highways, fleet and stores, play, arboriculture, parks & open spaces and parks/sports. This report is the third one issued and the control activities that were tested as part of the quality management system were as listed above,

This report is the fifth one issued and the control activities that were tested as part of the quality management system were as follows:

- Legislation and Policies;
- Leadership;
- Planning;
- Risk Management;
- Infrastructure and Support;
- Operational Performance;
- Customer Satisfaction and Review; and
- Improvement and Corrective action.

The areas across Country Parks that were checked across these control activities included:

- Team Planning;
- Roles and Responsibilities
- Safety training;
- Vehicle, Plant and Equipment Management;
- Operation and Support;
- Performance and Budget Management;
- Fees and Charges;
- System and Service Improvements; and
- Change Management.

Overall, the service were compliant across all areas reviewed. However, there were recommendations made around training, improvement plans for remote sites, staffing levels and income maximisation.