

Thurrock Council

Standards & Audit Committee

Internal Audit Progress Report 2020/21

Date of Committee: 10th March 2022

Introduction

The internal audit plan for 2021/22 was presented to the Standards & Audit Committee on 11th March 2021.

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 | | | | | |
| Planned Maintenance (Housing) | Final | Green | 0 | 1 | 4 |
| BSI ISO 9001 Quality Review – Active & Country Parks | Final | Advisory | 0 | 0 | 1 |
| BSI ISO 9001 Quality Review - Fleet | Final | Advisory | 0 | 0 | 1 |
| BSI ISO 9001 Quality Review – Infrastructure & Work Environment | Final | Advisory | 0 | 0 | 1 |
| BSI ISO 9001 Quality Review – Play Area Maintenance | Final | Advisory | 0 | 0 | 1 |
| BSI ISO 9001 Quality Review – Street Cleaning | Final | Advisory | 0 | 0 | 1 |
| Housing Rents | Final | Green | 0 | 1 | 1 |
| Children’s Social Care Commissioning | Final | Green | 0 | 2 | 1 |
| Premises Licencing | Final | Green | 0 | 2 | 2 |
| Induction/Probation (Onboarding) | Draft with client | N/A | N/A | N/A | N/A |
| Climate Change | Draft with client | N/A | N/A | N/A | N/A |
| Duplicate Payments | Draft | N/A | N/A | N/A | N/A |
| Accounts Payable | Draft | N/A | N/A | N/A | N/A |
| Accounts Receivable | Draft | N/A | N/A | N/A | N/A |
| Homelessness | WIP | N/A | N/A | N/A | N/A |
| Building Control | WIP | N/A | N/A | N/A | N/A |
| Passenger Transport | Deferred | N/A | N/A | N/A | N/A |
| Housing Benefits | Deferred | N/A | N/A | N/A | N/A |
| Housing Voids | Deferred | 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. One of the Senior Auditors has picked up on this as it impacts on the funding the council receives in this area.

Work was carried out to confirm that expenditure on LOCAL AUTHORITY BUS SUBSIDY (REVENUE) GRANT: DETERMINATION 2020/21: No 31/5013 was in line with the terms and conditions of the grant. There were no issues to report and the signed declaration was returned to the relevant central government department.

The 2 Internal Auditor posts are now out to advert so it is hoped the response will be good and we will be able to recruit into these vacant posts. The closing date is 5th March 2022.

During the last 6 months, we have implemented an upgraded version of our audit working papers software. This has involved training and user testing by the staff and feedback to the supplier on any issues around the reporting process. Most issues have been resolved and it is anticipated that the service will go-live for the new financial year.

Changes to the Annual Plan

We have been asked to defer the following reviews where time has been spent scoping the audit and carrying out background work. This work will not be wasted as it can be picked up when the reviews actually take place in the 2022/23 plan:

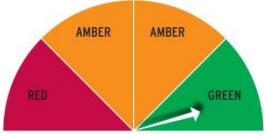
Housing Voids as new processes and procedures are being developed (deferred to 2022/23).

Passenger Transport as a new system is being introduced and there is a new Strategic Lead in post so the service are supporting the data transfer to the new system and providing training (deferred to May 2022/23).

Financial Sustainability due to Corporate Finance work on closing the accounts (deferred to 2022/23).

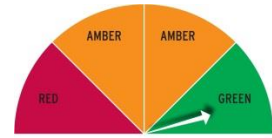
Housing Benefits due to year-end audit being carried out by the external auditors (deferred to April/May 2022/23).

Key Findings from Internal Audit Work

| | | |
|---|-----------------------------------|---|
| Assignment: Housing Rents | Opinion: Green |  |
| <p>Headline Findings: Our review of the Housing Rents identified 1 medium and 1 low recommendation around the adequacy of the control framework. The review looked at the following risks:</p> <ul style="list-style-type: none"> • Rent arrears may not have been monitored regularly during the pandemic and arrangements may not have been made with tenants who could pay resulting in loss of income. • Identification checks may not be made for each selected tenant and tenancy agreements may not be in place. • Access to the Rents System may not be authorised in line with Council's procedures, and may not be limited to relevant Council employees. • Any changes to the housing stock may not be recorded and supported by a clear audit trail. Rent may not be charged on all housing property nor correctly calculated. • Reconciliations between General Ledger, Housing Rents and cash Receipting system may not be performed on a regular basis and not appropriately reviewed by senior management. <p>Good controls were identified across all these areas. The 1 high and 1 low recommendation from the previous audit had been actioned.</p> | | |
| Action and Response | Responsible Officer | Date |
| <p>Action – Former tenants arrears should be more closely monitored and a more pro-active approach adopted.</p> <p>Response - The Housing Rents and Welfare Manager stated that Former Tenant Debt has had to take a back seat over the last 2 years as the pandemic guidelines meant they had to concentrate their efforts on supporting and collecting from current tenants. This, along with long-term sickness, has left the team short staffed for many months which has resulted in long gaps between former tenant arrears recovery actions.</p> <p>More recently, as restrictions are easing, Rent Officers are making visits again and they have introduced card drops.</p> <p>The service have purchased the RentSense module for managing former tenants arrears and they also have recently gained access to Experia and Locta and use these to trace forwarding addresses for tenants who have abandoned the property, been evicted or served notice with arrears. This work is on-going.</p> | Housing Rents and Welfare Manager | ASAP |

Assignment: Children's Social Care Commissioning

Opinion: Green



Headline Findings: Our review of the **Children's Service Commissioning** identified 2 medium and 1 low recommendation around the adequacy of the control framework. The review looked at the following risks:

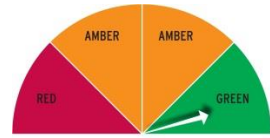
- There may be no structure, policy, systems, plans and strategy in place to ensure value for money is secured in commissioning children care services.
- Clear objectives and appropriate KPIs may not be set to allow performance to be tracked and regularly reported to senior management.
- Commissioning decisions may not be driven by data.
- The placement market may not be developed and managed to commission cost-effective placements and achieve the best possible value for money which could result in the council's children being placed outside of their local areas in breach of government regulation.
- Budgets may not be based on accurate forecasts to ensure placement capacity is within available budgets and spending may not be adequately monitored and controlled.

Good controls were identified across all these areas. There has not been an audit in this area for a number of years so there were no recommendations to check.

| Action and Response | Responsible Officer | Date |
|---|-------------------------------------|-----------------|
| <p>Action – The process for recruitment and set up of service providers through spot purchasing should be reviewed and improved to ensure children and young people are not placed with providers who are not willing to agree to the council's terms of service and specifications. Terms and service specification should be agreed before a placement is made.</p> <p>Response - It is agreed that one provider has refused to sign to our terms and conditions although discussions are ongoing. This is an isolated case and whilst one other provider was not entirely satisfied to sign they did eventually. This issue has occurred in a very small proportion of spot placements. Often when trying to place a child at very short notice (often on the same day) there is limited opportunity to request that a provider reviews our contract and specification. If this were the case we may lose the opportunity of the placement and be at risk of not fulfilling our statutory duties.</p> <p>This situation will be closely monitored to avoid future occurrences noting the difficulties described above.</p> | <p>Commissioning Supply Manager</p> | <p>On-going</p> |
| <p>Action – A service plan should be prepared every year in line with the requirements of the council's business planning framework. Reasonable and achievable key performance indicators should be developed to provide a basis for tracking progress towards achievement of established objectives. Monitoring reviews should include an assessment and a report of progress against established KPIs.</p> <p>Response - Accepted that this should be in place.</p> | <p>Commissioning Supply Manager</p> | <p>May 22</p> |

Assignment: Premises Licencing

Opinion: Green



Headline Findings: Our review of the **Premises Licencing** identified 2 medium and 2 low recommendations around the adequacy of the control framework. The review looked at the following risks:

- The council may not have a clearly documented policies and procedures in place to provide licensing and enforcement guidance and ensure compliance with the requirements of the Licensing Act 2003.
- Licence applications may not be processed correctly and within a reasonable time.
- The Consultation and Appeals Processes may not comply with legislative requirements and council policy.
- Income from premises licences may not be appropriately receipted and accounted for, leading to a loss of income to Council.
- Enforcement of licence conditions may not be carried out.
- The effectiveness of the council's premises licensing process may not be monitored and reported.

Good controls were identified across all these areas. There has not been an audit in this area for a number of years so there were no recommendations to check.

| Action and Response | Responsible Officer | Date |
|--|---------------------|----------|
| <p>Action – The current statement of policy should be refreshed and its validity extended until such time as it would be possible to undertake a robust consultation and review of existing policies to bring them up to date and in line with current operations. This would ensure the policy complies with good practice and reflects the current arrangements.</p> <p>Response - The policy has now been refreshed and extended, awaiting full approval by Full Council.</p> | Licencing Manager | June 22 |
| <p>Action – Business plans should be prepared in accordance with the council's planning framework. In addition, appropriate KPI's should be developed to help senior management to monitor and report on the team's progress in achieving their objectives.</p> <p>Response - KPI'S will be developed, and associated reports will be set up in Uniform Enterprise.</p> | Licencing Manager | April 22 |