INTERNAL AUDIT PROGRESS REPORT

BRENTWOOD BOROUGH COUNCIL

November 2020

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SUMMARY OF 2020/21 WORK

Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2020/21 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2020/21 Internal Audit Plan

We are now making good progress in the delivery of the 2020/21 audit plan, and we are pleased to present the following reports to this Audit and Scrutiny Committee meeting:

- Performance Management and Formal Complaints

- Sickness Absence

- Corporate Strategy

- Fraud Risk Assessment

We are also completing the fieldwork on the following audits:

- Contract Management and Procurement

- Disaster Recovery and Business Continuity Planning

- Environment - Street Cleaning, Fly Tipping and Enforcement

- Covid-19 Related Grants

We anticipate presenting these reports at the next Audit and Scrutiny Committee.

Changes to the Plan

We agreed changes to the timings of the three audits below, where officers requested that we postpone the audits to allow the Council to focus only on business critical services during the onset of the Covid-19 pandemic:

- Corporate Strategy – moved from Q1 to Q2 – now complete

- Contract Management and Procurement – moved from Q1 to Q2 - being completed in Q3

- Performance Management and Formal Complaints – moved from Q1 to Q2 - now complete.

We also agreed to change the audit plan to address Covid-19 related risks as follows:

- Postpone the Car Parking audit to 2021/22 and carry out an audit on Covid-19 related grants – in progress

REVIEW OF 2020/21 WORK

Audit	Exec Lead	Start Date	Planning	Fieldwork	Reporting	Design	Effectiveness
Risk Management	Jacqui Van Mellaerts	Q4 Jan 2021					
Main Financial Systems	Jacqui Van Mellaerts	Q4 Jan 2021					
Financial Planning and Monitoring	Jacqui Van Mellaerts	Q4 Feb 2021					
Contract Management & Procurement	Jacqui Van Mellaerts	Q2 Aug 2020	✔	✔ In progress			
Performance Management & Formal Complaints	Steve Summers	Q2 Sep 2020	✔	✔	✔ Final	🟢	🟠
Disaster Recovery & Business Continuity	Jacqui Van Mellaerts	Q3 Oct 2020	✔	✔ In progress			
Cyber Security	Jacqui Van Mellaerts	Q3 Dec 2020	✔				
Sickness Absence	Jacqui Van Mellaerts	Q2 Aug 2020	✔	✔	✔ Final	🟢	🔴
Fraud Risk Assessment	Jacqui Van Mellaerts	Q2 Sep 2020	✔	✔	✔ Final	N/A	N/A
Environment - Street Cleaning, Fly Tipping & Enforcement	Greg Campbell	Q3 Oct 2020	✔	✔ In progress			
Affordable Housing	Tracey Lilley	Q3 Dec 2020					
Covid-19 Related Grants	Jacqui Van Mellaerts	Q2 Sep 2020	✔	✔ In progress			
Licensing	Greg Campbell	Q3 Dec 2020					
Corporate Strategy	Jonathan Stephenson	Q2 Aug 2020	✔	✔	✔ Final	🟢	🟠
Follow Up	Jacqueline Van Mellaerts	Ongoing	--------------------Separate follow up report------------------				

EXECUTIVE SUMMARY – PERFORMANCE MANAGEMENT AND FORMAL COMPLAINTS

EXECUTIVE SUMMARY		
LEVEL OF ASSURANCE:		
Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS:

High	0
Medium	1
Low	2
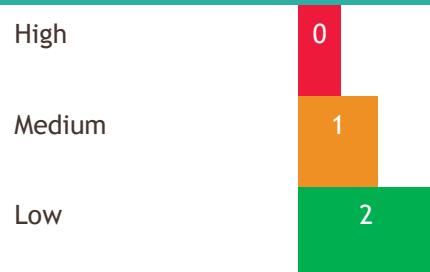
TOTAL NUMBER OF RECOMMENDATIONS: 3

BACKGROUND:

Customer service is a key risk for all service-providing organisations, and poor management of customer service can severely impact an organisation's reputation and achievement of its priorities.

The Council has a performance management framework whereby it monitors performance against the key priorities and objectives in its Corporate Strategy and uses several key performance indicators (KPIs) to manage service delivery requirements.

Service managers are required to maintain oversight of their KPI performance and comment on results with a red, amber or green (RAG) performance rating. These results are incorporated into a quarterly Performance Indicator Dashboard.

The Council operates a two-stage complaints process for customers to raise issues about any perceived failure on the part of the Council and its officers in providing services, responding to requests and adhering to standards.

The Council's Complaints Policy is available on its website, along with instructions on how customers may lodge formal complaints.

The service KPIs and formal complaints received are monitored and considered in detail on a quarterly basis by a member-lead "Performance Indicators and Formal Complaints Working Group", which is supported by officers, before they are reported to the Audit and Scrutiny Committee.

Our audit included reviewing the processes for capturing and reporting performance data and formal complaints, analysing complaints, ensuring the protection of personal information, and testing compliance with the Council's Complaints policy in responding to formal complaints.

We also used data analytics to check that complaints received online through the Council's website or via a Customer Service Advisor are logged into the complaints register.

Our separate audit of the Council's Corporate Strategy has reviewed how progress against the annual objectives is monitored, and the synergy between the Corporate Strategy and service plans, and therefore these aspects were not repeated in this audit.

GOOD PRACTICE:

We identified the following good practice areas from our fieldwork:

- The Council has adequate processes for capturing data for KPIs, assigning RAG ratings and including them in the quarterly performance dashboard.

- Service meetings are held on a quarterly basis to discuss performance and actions to be taken to resolve variances. These meetings are attended by the service manager, Manager of Customers and Performance and the Chief Operating Officer.

- There is a robust process for ensuring that all formal complaints received via complaints on-line forms, website general enquiry forms, telephone and the post are collated by the Customer Contact Supervisor, logged into the complaints register and triaged to the appropriate service for resolution. The process is overseen by the Manager of Customers and Performance.

- Processes are operating effectively for acknowledging receipt of complaints within five working days, ensuring that there is adequate independence in the investigation process, providing comprehensive responses to claimants that cover all required matters, and taking action to put things rights.

- The quarterly performance dashboards and complaints reports are reviewed by the Senior Leadership Team, the Performance Indicators and Formal Complaints Working Group, and the Audit and Scrutiny Committee.

- The quarterly reports analyse complaints received and discussions are held at the service meetings and Working Group to identify patterns, understand root causes, and ensure that wider action is taken to secure improvements.

- Access to the complaints register is restricted to the Customer Complaints Supervisor and the Manager of Customers and Performance, and complaints are only shared with those who are required to investigate the complaint. The quarterly formal complaints report is appropriately anonymised so that data confidentiality is maintained.

KEY FINDINGS:

We identified the following area where the control framework needs to be strengthened:

- The Council should formally consider whether it is appropriate to extend the response deadlines set out in the Complaints Policy during the Covid-19 pandemic, as our testing found that in five out of seven sample cases the required ten working days response time was not met for stage 1 complaints (although the initial acknowledgement to the complainant indicated that the target response time may not be met due to Covid-19) (Moderate).

We also raised two low priority recommendations for areas that have no significant impact but where management would benefit from improved controls.

CONCLUSION:

The Council has a well-designed system for recording, reporting and monitoring key performance indicators and complaints received. Complaints handling procedures are operating effectively, although in the current Covid-19 pandemic the target times for responding to stage 1 complaints are not always being met. Complainants are being warned upfront that the target response times may not be met due to resource constraints during the pandemic, however we would expect controls to comply with the Council's formal policy unless there is specific authorisation for them to be suspended. Consequently, we have concluded an opinion of substantial assurance over the design of the control framework and moderate assurance over its operational effectiveness.

MANAGEMENT ACTION PLAN:

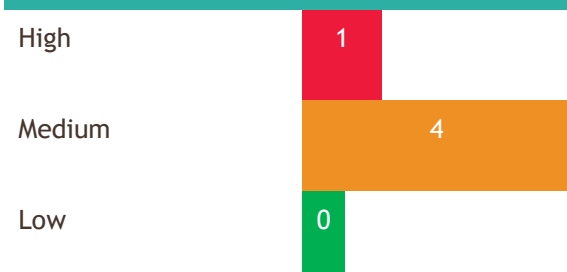| Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
Complaints response times a) The Council should formally consider whether it is appropriate to extend the response deadlines set out in the Complaints Policy during the Covid-19 pandemic.	Medium	a) Response deadlines are no longer being affected by the Covid-19 pandemic. Should extended deadlines be considered a requirement again, the Council will formally consider this.	Sarah Bennett (Manager of Customers and Performance) Complete
b) Management should ensure that response dates are correctly recorded in the complaints register, based on the dates in the response letters, so that there is an accurate record of actual response times against the required times.		b) Measures for cross-checking will be implemented. A review of the formulas used to calculate response times will also be conducted to ensure Bank Holidays are accurately reflected.	Sarah Bennett (Manager of Customers and Performance) & Stephanie Meek (Customer Contact Supervisor) January 2021
c) Management should consider including complaints response times in the quarterly performance and complaints report, to allow adequate monitoring.		c) This will be considered for future reporting.	Sarah Bennett (Manager of Customers and Performance) By start of 2021/22 reporting cycle

EXECUTIVE SUMMARY – SICKNESS ABSENCE

EXECUTIVE SUMMARY		
LEVEL OF ASSURANCE:		
Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.
SUMMARY OF RECOMMENDATIONS:		
High	1	
Medium	4	
Low	0	
TOTAL NUMBER OF RECOMMENDATIONS: 5		

BACKGROUND:

Sickness absence can have a big impact on both performance and costs to an organisation and therefore needs to be managed in a consistent, supportive and effective way so that operational and service levels are maintained. This is even more important during the Covid-19 pandemic.

The Council reported a total of 532 days sickness in the first quarter of 2020/21, which was higher than the 450 days in the equivalent period of 2019/20. It should be noted that this does not include absence due to self-isolation by Depot staff as a result of the pandemic, as the Depot records self-isolation separately, although it may include self-absence isolation by other staff. Total sickness in 2019/20 was 2,383 days.

Up to 31 March 2020, all of the Council's payroll and HR functions were managed through a contract with Thurrock Council. Part of the HR function was brought back in house from 1 April 2020 and the Council has recruited an HR Manager, who maintains oversight of sickness absence levels and provides support to departments in managing sickness absence. Thurrock Council continues to provide the Council with a front line/HUB service for general HR queries, processing internal changes and receiving/filing documents. Payroll is also still undertaken by Thurrock Council but will be transferred to a new payroll provider from 1 April 2021.

Sickness absence is currently recorded either in the Council's DASH system, or in the case of the Depot, in a cumulative monitoring spreadsheet. It is expected that sickness absence will be recorded in the new payroll provider's system, iTrent, from 2021/22. We are informed that as part of the training on the new system, managers will be provided with training on recording and managing sickness absence.

Given the Council's plans to change the way it records sickness absence going forward, the audit has not report on identified shortcomings in the current recording systems but has focussed on the Council's wider sickness absence management procedures.

Our audit included review of the Council's Absence Management Policy and associated guidance/templates, testing a sample of recorded staff absence during 2020/21 to check compliance with the policy, processes for updating payroll information for sickness absence and action taken by the Council to promote staff wellbeing.

We also used data analytics to identify trends in staff sickness absence during 2020/21, in particular frequent short-term absences, long-term absences and other patterns of sickness absence that may indicate cause for concern.

This indicated that for the period 1 April 2020 to 31 July 2020:
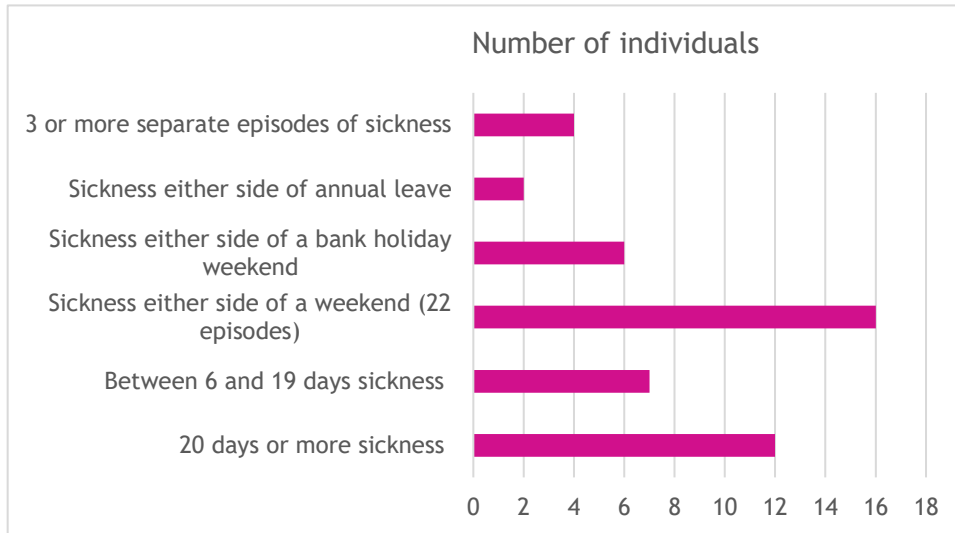
GOOD PRACTICE:

We identified the following good practice areas from our fieldwork:

- The Council has a comprehensive Absence Management Policy, which is supported by a suite of template documents that can be used for recording each stage of sickness absence management, including sickness reviews, home visits, invitation to stage meetings and stress risk assessments.

- The Council's quarterly performance reports include the number of sickness days by month, and these are reviewed by the senior leadership team and the Audit and Scrutiny Committee.

- The Council proactively promotes and supports staff wellbeing through a range of mechanisms and processes, including:

  o Mental Health First Aiders who are trained with an in-depth understanding of mental health and practical skills to help their colleagues.

  o Health Champions who deliver various healthy lifestyle programmes such as health checks and training on stress awareness.

  o The Employee Assistance Programme, which provides an easily accessible, free and confidential 24 hour independent advice and support service.

  o Regular Chief Executive staff briefings, aimed at keeping staff in the loop.

  o Annual staff surveys, with areas of concern developed into an action plan that is available to staff.

- During the Covid-19 the following additional arrangements were put in place to support staff through the pandemic:

  o A move to weekly Chief Executive briefings and regular HR briefings, covering changes in government advice and help for staff in dealing with issues such as shielding, Covid symptoms, sickness leave, annual leave and travel arrangements.

  o Line managers encouraged to carry out regular staff wellbeing check-ins and HR produced a template 'Homeworking wellbeing check-in' and a 'Managers guide for homeworking wellbeing check-in'.

  o A wellbeing site on the Council's sharepoint system and a wellbeing teams channel, which holds virtual elevenses, competitions, quizzes, culture club and yoga.

  o Two staff pulse surveys covering home working and wellbeing.

KEY FINDINGS:

We identified the following areas where the control framework needs to be strengthened:

- Depot staff to complete sickness self-certification forms on return to work for absences of less than seven days, or provide fitness for work certificates from their doctors or hospitals for absences over seven days, as our testing found that this was not done in nine out of 12 absences tested (High).

- Line managers for Depot staff to maintain regular contact with employees who have been off sick for more than four weeks and maintain a record of this contact, as no evidence of this could be provided in all five absences tested where this was applicable (Medium).

- Line managers for Depot staff to carry out return to work interviews, as this was not done in all 12 absences tested (Medium).

- Line managers to monitor sickness levels for trigger events and ensure that the Council's stages of absence management process is complied with, as no evidence of this could be provided for five out of the nine absences tested where this was applicable (Medium).

- Ensure that the correct number of sickness days is input into DASH (for non-Depot staff) and recorded correctly in the payroll system (for Depot and non-Depot staff), as our audit found that the sickness days recorded in the payroll system was incorrect for four out of the 20 absences tested (errors of 1 or 2 days, which did not result in any payment errors) (Medium).

CONCLUSION:

The Council has a comprehensive sickness absence policy and a well-designed process to manage sickness absence. It also actively promotes and supports staff wellbeing. However, our testing of compliance with the Council's policy identified a number of exceptions, particularly in respect of Depot staff absence. We raised one high priority recommendation regarding return to work certification and a further four medium priority recommendations. We understand that some of this lapse in compliance is due to challenges posed by the Covid-19 pandemic, however we would expect controls to continue to comply unless there is specific authorisation for them to be suspended. Consequently, we have concluded an opinion of substantial assurance over the design of the control framework but limited assurance over its operational effectiveness.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
Sickness certification Depot management should ensure that all staff complete a sickness self-certification form on return to work for absences of less than seven days, or provide a fitness for work certificate from their doctor or hospital for absences over seven days, and that this documentation is retained.	Limited	In order to ensure Depot Management are supported in this, a number of Absence Management Bitesize Training Sessions will be arranged. HR will focus support and monitoring with regards to absence to enable the Depot to get back on track, with the Director of Environment monitoring progress. In order to do this prior to the implementation on iTrent, management will seek monthly reports rather than quarterly.	Darren Laver (Operations Manager) & Nichola Mann (HR Manager) February 2021
Maintaining contact in long periods of sickness Depot management should ensure that line managers are maintaining regular contact with employees who have been off sick for more than four weeks and that a central confirmation of this contact is made by the line manager to evidence that it is being done.	Medium	In order to ensure Depot Management are supported in this, a number of Absence Management Bitesize Training Sessions will be arranged. HR will identify any absences of more than four weeks and will spot check the actions the Line Manager has taken in line with the policy, identifying any gaps and then supporting where necessary.	Darren Laver (Operations Manager) & Nichola Mann (HR Manager) February 2021
Return to work interviews Depot management should ensure that line managers carry out return to work interviews and retain a record of it.	Medium	In order to ensure Depot Management are supported in this, a number of Absence Management Bitesize Training Sessions will be arranged. HR will undertake spot checks, identifying any gaps and then supporting where necessary.	Darren Laver (Operations Manager) & Nichola Mann (HR Manager) February 2021

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
Stage 1 and stage 2 interviews for trigger events	Medium		
a) Line managers should be reminded to look out for short term sickness trigger events and ensure that the stages of absence management process within the Council's Absence Management Policy is followed.		HR will do a management briefing to all Line Managers around key areas of responsibility in terms of the Absence Management Policy. HR will also offer Absence Bitesize Training to all Line Managers.	Nichola Mann (HR Manager) supported by Extended Leadership Team February 2021
b) Depot management should ensure that stage 1 and stage 2 interviews are carried out for all long term sickness in accordance with the Council's policy.		HR will identify any absences of more than four weeks and will spot check the actions the Line Manager has taken in line with the policy, identifying any gaps and then supporting where necessary.	Darren Laver (Operations Manager) & Nichola Mann (HR Manager) February 2021
c) Line managers should inform the HR Manager when trigger events occur and seek HR support when carrying out the second stage of the absence management stage process.		This will be covered in the Absence Bitesize Training.	Extended Leadership Team & Nichola Mann (HR Manager) February 2021
Recording of sickness absence days	Medium		
a) Line managers should be reminded of the importance of entering the correct number of sickness days in DASH.		HR will do a management briefing to all Line Managers around key areas of responsibility in terms of the Absence Management Policy. HR will also offer Absence Bitesize Training to all Line Managers.	Extended Leadership Team & Nichola Mann (HR Manager) February 2021
b) Management should periodically carry out spot checks on the number of sickness days entered into DASH, back to the signed return to work forms.		HR will build in periodic checking when reviewing absence data to ensure dates correspond with DASH and completed Return to Work forms, raising any anomalies with the appropriate Line Manager. It is noted that with the implementation of iTrent in April 2021, this will no longer need checking as all the	Nichola Mann (HR Manager) with Extended Leadership Team support February 2021

| Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
		data will be entered into one system.	
c) Management should periodically carry out spot checks on the number of sickness days entered into the payroll system for both DASH and Depot absences, back to the DASH system or the Depot's Waste and Grounds absences recording spreadsheet.		HR will build in periodic checking when reviewing absence data to ensure dates correspond with payroll, DASH and Depot absences, raising any anomalies with the appropriate Line Manager. It is noted that with the implementation of iTrent in April 2021, this will no longer be required as the data input will feed into payroll.	Nichola Mann (HR Manager) with Extended Leadership Team support February 2021

EXECUTIVE SUMMARY – CORPORATE STRATEGY

EXECUTIVE SUMMARY		
LEVEL OF ASSURANCE:		
Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS:

High	0
Medium	3
Low	1
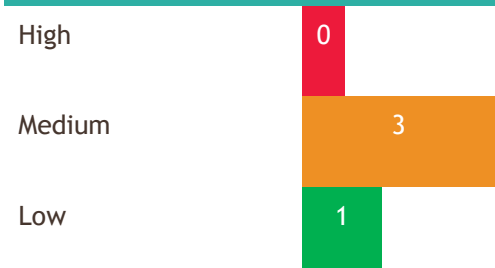
TOTAL NUMBER OF RECOMMENDATIONS: 4

BACKGROUND:

The Council's Corporate Strategy 2020 – 2025 was approved at Ordinary Council in January 2020, replacing the previous Corporate Plan 2016 – 2019. This followed a period of extensive consultation with key stakeholders in developing the strategy.

The Corporate Strategy sets out the following key priorities for the Council over the next five years:

- Improving housing

- Protecting and improving the environment

- Developing communities

- Growing the economy

- Delivering an efficient and effective Council.

The strategy also sets out the key objectives for 2020/21 within the context of what the Council aims to deliver over five years. Each year the plan will be refreshed to review progress against the key objectives for the year and updated for the forthcoming year, ensuring that annual objectives are aligned with the overall objectives of the Corporate Strategy.

This will support the Council in achieving its vision and is underpinned by plans, strategies, policies and a monitoring framework.

The audit of the Corporate Plan was initially included in the 2019/20 internal audit plan, but was deferred to 2020/21, at the request of management, due to the onset of the Covid-19 pandemic in March 2020.

Our audit included reviewing the processes for engaging with staff in the development of the Corporate Strategy and annual objectives; reviewing alignment with the underlying business plan, service plans, strategies and the Medium Term Financial Strategy; and reviewing monitoring and reporting arrangements.

Overall, the focus of the audit was on the arrangements for ensuring that the Corporate Strategy and annual objectives convert into a reality and less on the process adopted in developing the strategy. However, the audit has referred to some of the development and planning processes in seeking to understand the strength of the overall framework.

GOOD PRACTICE:

We identified the following good practice areas from our fieldwork:

- Staff were consulted in the development of the Corporate Strategy and the 2020/21 objectives, through workshops on key strategic themes and in all-staff workshops delivered by the Chief Executive.

- Once published, the Corporate Strategy was promoted through an e-mail and intranet post to all staff, a press release, a staff briefing by the Chief Executive, the embedding of the Corporate Strategy logo and key priority themes in staff e-mail sign offs, and posters at the Town Hall.

- The Chief Executive and the Extended Leadership Team had a session in March 2020 to reflect on how the achievements of the previous corporate strategy were to be documented in a Success Infographics report, and to start planning the success infographics for the new strategy.

- The Corporate Strategy is supported by a Business and Recovery Plan, approved by the Policy, Resources and Economic Development Committee (PRED) in September 2020, which includes the strategic objectives as well as other essential and strategic recovery actions required to address the Council's approach to the impacts of the Covid-19 pandemic.

- The Medium Term Financial Strategy (MTFS) 2020-2023, which was approved at Ordinary Council in March 2020, clearly indicates the allocation of revenue and capital budget, including specific capital schemes, to each of the key Corporate Strategy priority themes over the period of the MTFS.

- The 2020/21 strategic objectives clearly define the required outcomes and the project team monitors their progress in an online tool, with service managers responsible for ensuring delivery.

- The Business and Recovery plan and updates on projects and programmes are regularly reviewed and discussed at Senior Leadership Team meetings.

We identified the following areas where the control framework needs to be strengthened:

- Management should assess whether any projects need to be set up to ensure the delivery of any of the outstanding or ongoing 2020/21 strategic objectives, as there are currently no active projects in place for 18 of the 25 objectives, and the Business and Recovery Plan register should be updated to include a status rating for six strategic objectives that do not currently have a rating (Medium).

- Service plans for Corporate Finance, Risk & Insurance and Communications have yet to be completed and made available to staff, and service plans should clearly cross refer to all relevant current year strategic objectives (Medium).

- Appropriate time lines should be set for completion and publication of the ten strategies supporting the Corporate Strategy that are still in the process of being developed, updated or reviewed (Medium).

We also raised one low priority recommendation regarding clearer documentation of strategic objectives within personal development plans.

CONCLUSION:

The Council has a well-designed system for engaging with staff in the development of the Corporate Strategy and monitoring and reporting on progress against strategic objectives. Further recovery actions have been identified to address the Council's approach to the impacts of Covid-19. However, the alignment between the strategic objectives and underlying service plans and personal development plans is not clear, and a number of strategic objectives do not have underlying project plans. We have raised three medium and one low priority recommendations. Consequently, we have concluded an opinion of substantial assurance over the design of the control framework and moderate assurance over its operational effectiveness.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
Business and Recovery Plan and projects a) Management should review the projects underpinning the Business and Recovery Plan, and assess whether any projects need to be set up to ensure the delivery of the outstanding or ongoing 2020/21 strategic objectives.	Medium	The project framework is still embedding, and projects are being registered frequently. Directors are undertaking reviews of their objectives with the Project Team to ensure that all of these objectives are captured and monitored.	Tim Huggins (ICT Manager) April 2021
b) Management should ensure that the Business and Recovery Plan register is updated to include a status rating for the six strategic objectives that		The finer details of the Business and Recovery Plan are still being updated with Directors. A mechanism for monthly review is in place where relevant updates, including status, will be made.	Tim Huggins (ICT Manager) Complete

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
do not have a rating in the October 2020 register.			
Service plans	Medium		
a) Management should ensure that the service plans for Corporate Finance, Risk & Insurance, Revenues and Benefits and Communications are completed and made available to staff.		Outstanding service plans have been delayed due to other high priority commitments, however, are expected imminently.	Jacqui Van Mellaerts (Director of Corporate Resources) & Steve Summers (Chief Operating Officer) December 2020
b) The focus areas and annual targets in service plans should clearly identify and reference to each of the strategic objectives for the year, as relevant to each service.		The Project Team will undertake a task to map Service Plans against the Corporate Strategy Objectives and ensure with Service Managers that projects are in place, where relevant.	Tim Huggins (ICT Manager) January 2021
Supporting strategies	Medium		
a) Management should ensure that appropriate time lines are set for completion and publication of all strategies that are being developed or updated to support the Corporate Strategy.		Many of the strategies under development/review have been impacted by resource focusing on the Council's Covid-10 response. Those strategies under review will be presented to the relevant committees in due course.	Steve Summers (Chief Operating Officer) March 2021
b) Other published strategies should also be reviewed to check if they remain valid or are in need of updating.		A further review of all published strategies will be undertaken to ensure the Council's website is up to date. The Corporate Document Library is due to be updated as part of ongoing Digital improvements. This will assist with the future management of expired documents.	Steve Summers (Chief Operating Officer) March 2021

EXECUTIVE SUMMARY – FRAUD RISK ASSESSMENT MAINTENANCE

EXECUTIVE SUMMARY

BACKGROUND AND OVERALL FRAUD RISK ASSESSMENT:

The CIFAS document 'Fighting Fraud and Corruption Locally 2020' defines a strategy for local government and provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top. It estimates that one in three of all crimes committed nationally is fraud based and fraudsters are always seeking new ways to take money. The strategy highlights that potential losses to fraud could run into billions of pounds across local authorities if appropriate preventative action is not taken.

We last assisted the Council in carrying out a fraud risk assessment in 2014/15 and therefore this was in need of updating to help inform and support the Council's counter fraud strategy.

The review considered the following fraud risk areas which are deemed to be some of the highest risk areas for fraud in Local Government:

- Procurement and contract management
- Identity fraud for employees and benefit claimants
- Disabled facility grants
- Members' interests and conflicts of interests
- Investment properties.

Our fraud risk assessment has used the methodology and definitions in Appendix I to determine a risk rating for a number of possible fraud risks within each of the above areas, taking account of the impact and likelihood of each risk. A traffic light system has been used to attach a priority for mitigating action to each risk level.

As this is an advisory review, no assurance opinion has been provided.

OVERALL RISK RATING SUMMARY						
Fraud Risk Category	RESIDUAL FRAUD RATING			PRIORITY		
	Low	Medium	High	Urgent	Important	Routine
1.0 PROCUREMENT & CONTRACT MANAGEMENT	7	8	0	0	8	7
2.0a EMPLOYEE IDENTITY	1	1	0	0	1	1
2.0b CLAIMANT IDENTITY	0	1	1	1	1	0
3.0 DISABLED FACILITY GRANTS	11	2	0	0	2	11
4.0 COUNCILLORS' INTERESTS	3	0	0	0	0	3
5.0 INVESTMENT PROPERTIES	0	1	0	0	1	0
	22	13	1	1	13	22

The following areas of good practice were noted. These help mitigate fraud risks, provided the internal control environment is maintained to an adequate level and is reviewed as necessary, for example when there are staffing changes.

Procurement

- The Senior Procurement Officer updates the contracts register, through liaison with departments.

- Accounts Payable undertake due diligence checks on new suppliers, including Companies House and credit rating checks, where relevant, before setting up suppliers.

Employee Identity

- During the Covd-19 pandemic lockdown, new starters have their identity confirmed by video call and are required to hold up an identity document next to their face.

- All new starters will have another identity check once offices reopen normally.

Housing Benefit Claimant Identity

- A review of claims for students and new claimants is carried out using the "review" flag in the Housing Benefits system to ensure that circumstances have not changed.

- The Revenue & Benefits Compliance work has been amended to include investigation of unusual claims.

- Cross referencing and data matching to the Department of Work & Pensions database, Housing Benefits Data Matching Service and the National Fraud Initiative exercise is carried out.

Disabled Facility Grants

- A Technical Surveyor is used to ensure that the work is carried out to specification and is complete.

- Contractors provide quotes for the work and the most appropriate quote is selected following a "like for like" comparison of the quotes.

- The Council pays the grants directly to the contractors carrying out the work rather than to the applicants.

Councillors' Interests

- The Democratic Services team, Monitoring Officer and Director of Corporate Resources provide members with training in areas such as members' interests, the Code of Conduct, whistleblowing, money laundering.

- Democratic Services have a working knowledge of members' interests, which would help in highlighting any potential conflicts of interest.

Our fraud risk assessment has identified one high risk fraud area, in relation to Housing Benefit claimant identity. There is an inherent risk that some applications will contain fraudulent information. In addition, national indications are that the number of fraudulent claims have increased during the Covid-19 pandemic. The Revenue & Benefits (R&B) Team at Basildon Council shared service consists of experienced and trained Benefits Assessment Officers, who review the documentation submitted for any fraud indicators. However, given the heightened risk in the current economic climate, we recommend that the Council and the shared service review the level

of scrutiny and checks being carried out, and the associated resourcing, taking account of the Council's risk appetite.

We identified 13 medium fraud risks, which need to be prioritised to help reduce the risk of fraud in these areas. In addition, we identified 22 low risk areas, which generally relate to inherent risks and for which there are controls in place to manage these risks.

We have developed an action plan, for the urgent and high priority risk areas.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
PROCUREMENT AND CONTRACT MANAGEMENT			
Review of contract spend for completed purchase orders and non purchase order expenditure to identify any cases of disaggregation.	High priority	Agreed would be a useful exercise, however this will be a time consuming piece of work.	Senior Procurement Officer March 2021
Consider the benefits of fully implementing the Procurement to Pay (P2P) process to increase the percentage of expenditure that requires an authorised purchase order to be raised before the invoice is paid.	High priority	The Council is already reviewing implementing P2P and will be reviewed by senior leadership team to approve.	Corporate Finance Manager March 2021
Review best practice regarding independent tender panel members and incorporate these into procurement and tendering documentation.	High priority	Agreed to review best practice.	Senior Procurement Officer March 2021
Reinforce to staff the requirement for consultation with the Senior Procurement Officer before entering into any procurement process using a Government Procurement Service framework agreement or another local or national framework agreement.	High priority	Senior Procurement Officer has established a strong relationship with service managers, who are aware of the process. Agreed that it would be beneficial to reinforce this message.	Senior Procurement Officer March 2021
Explore the use of regional or national procurement groups or contract partnerships with other local authorities to allow a	High priority	Senior Procurement Officer is already a member of local and national groups. Agreed this will continue.	Senior Procurement Officer Immediate

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
greater pool of technical expertise in writing tender specifications.			
Review actual contract spend against contract and periodically report this to management.	High priority	Finance & Procurement service to review process and best practice.	Corporate Finance Manager & Senior Procurement Officer March 2021
Incorporate good practice from the government's "Review into the risks of fraud and corruption in local government procurement" guidance into the Council's procurement processes.	High priority	Senior Procurement Officer will review and incorporate if appropriate.	Senior Procurement Officer & Corporate Fraud Manager June 2021
Incorporate good practice from the risk tool included in the above guidance into the Council's procurement processes.	High priority	Senior Procurement Officer will review and incorporate if appropriate.	Senior Procurement Officer & Corporate Fraud Manager June 2021

EMPLOYEE IDENTITY

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
Ensure that the Home Office's "Right to Work Checklist" is used for all employee identity checks.	High priority	Agreed.	HR Manager March 2021

HOUSING BENEFIT CLAIMANT IDENTITY

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
Review the level of scrutiny and checks being carried out in respect of housing benefit claimant identity and the resourcing available at the shared service to carry out these checks, taking account of the Council's risk appetite.	Urgent priority	As stated in assessment, staff are experienced and trained Housing benefit Officers have an understanding of potential forged documents. The pandemic still continues to limit staff and claimant contact, so it suggested this is reviewed later next year, depending if situation has changed. The Council will also be reviewing this in line with our Digital Strategy and the Council's risk appetite. In the meantime, staff will be advised to be extra vigilant of the potential risk.	Revenues & benefits Manager; Director of Corporate Resources June 2021

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
Continue to ensure that other Council departments and areas such as Council Tax and links to DWP are consulted to triangulate applicant information.	High priority	Agreed.	N/A.

DISABLED FACILITY GRANTS (DFG)

Obtain the Data Protection Officer's advice regarding GDPR, collection and use of personal data in the anti-fraud declarations by DFG applicants.	High priority	Agreed. A Privacy Notice has been put together which will be checked by DPO Officer.	Environmental Health Manager December 2020
Consider procurement best practice for the use of DFG contractors and the sole Technical Surveyor.	High priority	Clients do not have to use one of the Council contractors and contract is priced against other competitors. However, Officers can review best practice.	Environmental Health Manager; Senior Procurement Officer March 2021

INVESTMENT PROPERTIES

Update Money Laundering guidance in relation to the purchasing and sale of investment properties and ensure that appropriate and in depth due diligence processes are in place for the procuring and selling of all property.	High priority	Officers to review and include additional guidance within Money Laundering Policy on investment properties. Due diligence is under taken and appropriate staff are consulted with regarding these transactions.	Corporate Fraud Manager December 2020

KEY PERFORMANCE INDICATORS 2020/21

Quality Assurance as per the Internal Audit Charter	KPI Results	RAG Rating
1. Annual Audit Plan delivered in line with timetable.	Three audits were deferred, as detailed on page 3.	🟡
2. Actual days are in accordance with Annual Audit Plan.	This KPI has been met.	🟢
3. Customer satisfaction reports – overall score at least 70% for surveys issued at the end of each audit.	No survey responses received in relation to 2020/21 to date.	🟢
4. Annual survey to Audit Committee to achieve score of at least 70%.	Annual survey responses for 2019/20 scored between 80% and 100%.	🟢
5. At least 60% input from qualified staff.	This KPI has been met.	🟢
6. Issue of draft report within 3 weeks of fieldwork 'closing' meeting.	This KPI has been met for 4 out of 4 audit.	🟢
7. Finalise internal audit report 1 week after management responses to report are received.	This KPI has been met for 4 out of 4 audits.	🟢
8. Positive result from any external review.	No external audit reviews have been carried out to date.	🔵
9. Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.	The KPI regarding Council agreement of the terms of reference has been met for missed for 7 out of 8 audits (see table below). The KPI regarding draft report has been met for met for 2 out of 4 audits (see table below).	🟡
10. Audit sponsor to implement audit recommendations within the agreed timeframe.	Of the 22 recommendations raised for 2020/21 to date, all are not yet due. Of the 17 medium priority recommendations raised in 2019/20, 10 have been completed, 4 are in progress and 3 are not yet due. There are also 5 outstanding recommendations from 2018/19 and 2017/18, of which 2 are overdue, 2 are in progress and 1 is not yet due.	🟡
11. Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff.	We can confirm that for the audit work undertaken to date, management and staff have supported our work and their co-operation has enabled us to carry out our work in line with the terms of reference through access to records, systems and staff as necessary.	🟢

AUDIT TIMETABLE DETAILS (2020/21 AUDITS)

Audit	Draft TOR issued	Management response to TOR received	Closing meeting	Draft report issued	Management response to draft report received	Final report issued
Risk Management						
Main Financial Systems						
Financial Planning and Monitoring						
Contract Management & Procurement	12/08/20	19/08/20 (KPI 9 met)				
Performance Management & Formal Complaints	08/09/20	09/09/20 (KPI 9 met)	29/10/20	02/11/20 (KPI 6 met)	06/11/20 (KPI 9 met)	09/11/20 (KPI 7 met)
Disaster Recovery & Business Continuity	06/10/20	07/10/20 (KPI 9 met)				
Cyber Security						
Sickness Absence	26/08/20	31/08/20 (KPI 9 met)	20/10/20	25/10/20 (KPI 6 met)	11/11/20 (KPI 9 not met)	13/11/20 (KPI 7 met)
Fraud Risk Assessment	02/09/20	07/09/20 (KPI 9 met)	22/09/20	13/10/20 (KPI 6 met)	16/11/20 (KPI 9 not met)	16/11/20 (KPI 7 met)
Environment - Street Cleaning, Fly Tipping & Enforcement	09/10/20	Awaiting formal response (KPI 9 not met)				
Affordable Housing						
Covid-19 Related Grants	11/09/20	14/09/20 (KPI 9 met)				
Licensing						
Corporate Strategy	21/08/20	24/08/20 (KPI 9 met)	02/11/20	09/11/20 (KPI 6 met)	16/11/20 (KPI 9 met)	16/11/20 (KPI 7 met)

KEY FOR RAG RATING:

🟢 = met target   🔴 = not met target

🟡 = partly met target   🔵 = not applicable

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

FOR MORE INFORMATION:

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