

Committee: Audit and Scrutiny Committee	Date: 24 November 2020
Subject: Internal Audit Progress Report	Wards Affected: all
Report of: Jacqueline Van Mellaerts, Director of Corporate Resources	Public
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Summary

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2020/21 internal audit plan.

The following reports have been finalised since the last Committee:

- Performance Management & Formal Complaints (Substantial/Moderate)
- Sickness Absence (Substantial/Limited)
- Corporate Strategy (Substantial/Moderate)
- Fraud Risk Assessment (N/A – advisory)

Recommendation(s)

Members are asked to:

R1. That the Committee receives and notes the contents of the Internal Audit Progress Report attached in Appendix A.

R2. That the Committee receives and notes the contents of the Internal Audit Follow Up Report attached in Appendix B.

Introduction and Background

1. 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.

2. 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.
3. The Audit Committee approved the 2020/21 annual audit plan in March 2020. The progress against plan is reported at every Audit and Scrutiny Committee during 2020/21.

Issue, Options and Analysis of Options

4. The following reports have been finalised since the last Committee:
 - Performance Management & Formal Complaints (Substantial/Moderate)
 - Sickness Absence (Substantial/Limited)
 - Corporate Strategy (Substantial/Moderate)
 - Fraud Risk Assessment (N/A – advisory)

Performance Management & Formal Complaints (2020/21)

5. 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. We raised one medium priority recommendation.

Consequently, we have concluded an opinion of substantial assurance over the design of the control framework and moderate assurance over its operational effectiveness.

Sickness Absence (2020/21)

6. 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.

Corporate Strategy (2020/21)

7. 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.

Fraud Risk Assessment (2020/21)

8. 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.

9. A Summary of outstanding Recommendations from previous audits are included in Appendix B – Follow up report.
10. This is regularly monitored by Senior Officers and will be followed up again ahead of the next Audit and Scrutiny Committee, along with other recommendations due by 30 October 2020.

Reasons for Recommendation

11. To monitor the progress of work against the internal audit plan.

Consultation

12. Not applicable.

References to Corporate Plan

13. Good financial management underpins all priorities within the Corporate Plan.

Implications

Financial Implications

Name/Title: Jacqueline Van Mellaerts, Director of Corporate Resources
Tel/Email: 01277 312500/jacqueline.vanmellaerts@brentwood.gov.uk

14. There are no direct financial implications arising from this report.

Legal Implications

Name & Title: Amanda Julian, Director of Law and Governance & Monitoring Officer
Tel & Email: 01277 312500/amanda.jullian@brentwood.gov.uk

15. There are no legal implications arising from this report.

Economic Implications

Name/Title: Phil Drane, Director of Planning & Economy
Tel/Email: 01277 312500/philip.drane@brentwood.gov.uk

16. There are no economic implications arising from this report.

Background Papers

17. None

Appendices to this report

18. Appendix A – Internal Audit Progress Report
Appendix B – Internal Audit Follow Up Report