

REPORT TO: **AUDIT AND STANDARDS COMMITTEE**

DATE: **12 JUNE 2019**

TITLE: **INTERNAL AUDIT ACTIVITY REPORT**

LEAD OFFICER: **SARAH MARSH, INTERNAL AUDIT MANAGER
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RECOMMENDED that:

A The Committee reviews the outcomes of the work of the Internal Audit service for the period April to June 2019 and identifies any issues for further consideration.

BACKGROUND

Progress Against Audit Plan

1. The Council's audit plan for 2018/19 has been completed and sufficient work has been undertaken in order for the Internal Audit Manager to give their annual report and assurance opinion which is reported elsewhere in the agenda.
2. Work has commenced on the 2019/20 Audit Plan, as set out in Appendix A, which includes a new audit regarding Harlow Trading Services (Property and Environment) Ltd (HTS) and their compliance with the General Data Protection Regulations. Audit timings have been agreed with the Senior Management Board to ensure a steady flow of reports throughout the year.

Internal Audit Reports

3. Three final reports have been issued since the Committee received its last update in November 2018:

a) Asbestos Management – substantial assurance

An up to date asbestos management plan and a programme of works for asbestos management surveys are in place for housing and non-domestic properties. There is effective communication of the asbestos management policy and asbestos information on the Council's website for officer and public view.

Housing and non-domestic asset movements, acquisitions and disposals records are updated on a periodic basis to ensure the records of properties requiring asbestos surveys are up to date. Whilst records are updated there is no formal reconciliation carried out to ensure that the list of housing and non-domestic assets is complete and accurate.

Asbestos management data is held in spreadsheets and therefore the accuracy and integrity of data more difficult to control. An asbestos database

to record and monitor all asbestos survey data and removal works would be ideal, but would come at a price. Whilst quality checks on asbestos surveys and removal works documentation are completed, checks on asbestos removal works should be formally recorded.

There are robust procedures in place to take action in incidents where asbestos containing materials are damaged and released. Asbestos awareness training is delivered to appropriate Council and HTS staff.

b) Complaints – substantial assurance

The Council currently operates a three stage complaints process with a robust process in place for recording and processing complaints via a central database, AchieveService. The complaints procedure is clear and readily accessible on the Council's website for public view.

The Council's complaints procedure works well as supported by the low number of complaints (20) that have been escalated to Local Government Ombudsman (LGO) within the past three years by a complainant. It is equally supported by an even lower number of complaints (three) that were upheld by the Local Government Ombudsman in the same period. The last complaint that was upheld was in 2016/17.

Stage one complaints are dealt with by third tier managers and accompanied by their teams. Stage two complaints are dealt with by the Head of Service. Stage three complaints are dealt with by the Managing Director and supported by the service. Consideration should be given to moving to a two stage complaints process to streamline the process. This would also be in line with many other district councils.

Lessons learnt are being captured in a three question questionnaire. This questionnaire is for officers who upheld or partially upheld a complaint. The officer that is dealing with the complaint cannot close it unless the questionnaire is completed. Lessons learnt are being captured, in line with good practice, but more needs to be done in order that the Council can demonstrate it is learning from these.

c) Customer Services Review – Moderate assurance

The Customer Service Review needs to be revisited to ensure it reflects the current direction of the Council. The Action Plan should be clear on the overall outcomes it wants from its Customer Services Review by ensuring there are SMART objectives and measurable benefits.

The Customer Services Board should continue to oversee delivery of the Action Plan through regular monitoring of a programme of projects, some of which may be outside their direct control (such as the Council's telephony project). The Board should ensure that appropriate project management methodology is in place for all projects for which it is responsible to ensure their successful delivery.

Ongoing Audit Work

4. A number of assignments in the Audit Plan are intended to provide advice and guidance to the Council throughout the year on current issues. As these assignments will not normally result in a single, traditional audit report, Internal Audit will summarise its output here for Councillors' information:
 - i) Information Governance: At its May meeting the Information Governance Group continued work on a draft Information Governance strategy and framework for the Council. The Group also reviewed the Council's data breach log, which had two new entries since their last meeting in February. These were due to human error, therefore, a staff awareness campaign is being instigated.
 - ii) Corporate Fraud: Internal Audit also sits on the Corporate Fraud Group, which notes the success of the Tenancy Fraud Officer since being post May 2018:
 - 177 tenancy checks completed
 - 20 properties recovered
 - Due to fraud 8 applicants have been removed from the Housing Register and 3 applicants have had their housing allocation banding changed
 - 3 Right to Buys have either been cancelled or had a household member refused due to non-occupancy.
5. Since the pan Essex data matching service went live in May 2017, Revenues and Benefits has investigated 1,524 data discrepancies, 234 of which are currently ongoing. This has made savings of £166,487 in Council Tax discounts claimed. This matching takes place on a monthly basis. The service is currently reviewing the 1,280 matches from the National Fraud Initiative (NFI) which is a two yearly national exercise and has identified to date one fraud and one error, amounting to £500 in savings.

Recommendation Tracker

6. The Audit and Standards Committee receives details of all overdue recommendations, plus any high priority recommendations from final reports, regardless of whether they are overdue or not.
7. The current tracker, set out in Appendix B, contains eight recommendations which have passed their due date. A comparison with previous periods is outlined in the table below:

Table One – Tracker Comparison

Recommendation Priority	Number (as at June 2019)	Number (as at March 2019)	Number (as at Nov 2018)	Number (as at June 2018)
High - not yet due	0	0	0	1
High - passed due date	0	1	1	0
Medium - passed due date	5	5	5	12
Low - passed due date	3	2	2	4
TOTAL	8	8	8	17

8. The previous high level recommendation related to the HTS payment mechanism audit and the need to undertake a fundamental review of performance indicators. This is being undertaken through the Best Value review, which is being led by the Head of Governance, and takes into consideration the outcomes of internal audit's work.

IMPLICATIONS

Place (Includes Sustainability)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Finance (Includes ICT)

It is important that the organisation responds to and implements the recommendations flowing from the internal audit process in order to protect and improve the overall internal control environment of the Council.

Author: Simon Freeman, Head of Finance and Deputy to the Managing Director

Housing

None specific.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

Internal Audit provides a key element of assurance within the overall Governance framework within the Council and it is important that recommendations flowing from internal audit recommendations are acted upon and implemented within reasonable timescales if reliance on internal controls and procedures is to continue.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Audit Plan Monitoring

Appendix B – Audit Recommendation Tracker

Background Papers

None.

Glossary of Terms

HTS – Harlow Trading Services (Property and Environment) Ltd

LGO – Local Government Ombudsman

NFI – National Fraud Initiative