
AUDIT PROGRESS REPORT 2021/22

1 PURPOSE OF REPORT

- 1.1 This report provides Members with an update on the work of the Internal Audit team, in terms of progress made against the annual audit plan, and action taken by service departments in implementing audit recommendations.
- 1.2 Detail of the progress made in delivery of the annual audit plan is provided for at **Enclosure No.1.**

2 INTRODUCTION

- 2.1 Internal Audit is a statutory requirement under the Accounts and Audit Regulations. Internal Audit's work is monitored through regular reports presented to this Committee.

3 RISK IMPLICATIONS

- 3.1 Failure to operate a robust assurance process (which includes delivering the Internal Audit Annual Plan) increases the risk that inadequacies in the Council's risk management, governance and control arrangements are not identified and effective remedial action agreed and implemented.
- 3.2 If the Internal Audit Plan is not substantially completed by June 2022, the Chief Audit Executive (CAE) may not be able to give a sufficiently informed opinion on the Council's control environment. The CAE's opinion is a source of assurance for the Annual Governance Statement (AGS), which is also considered by the Audit Committee and is of interest to the external auditor for their assessment of the Council's arrangements to use its resources economically, efficiently, and effectively. The lack of CAE opinion could negatively impact on the AGS and Value for Money assessment.
- 3.3 The main risk to delivering the audit plan is the risk of insufficient resources; this is considered below.

4 RESOURCE IMPLICATIONS

- 4.1 Excluding the CAE (provided by Basildon Borough Council) the audit resource at the commencement of 2021/22 was 1 Full Time Equivalent (FTE) staff. From May 2021 onwards this increased to 1.6 FTE as a member of the team returned from maternity leave.

5 LEGAL IMPLICATIONS

- 5.1 Under the Local Government Act 1972 (s151) and the Accounts and Audit Regulations, the Council has a responsibility to maintain an adequate and effective Internal Audit function.

5.2 The Internal Audit Section works to the statutory Public Sector Internal Audit Standards. This includes the requirement to prepare and present regular reports to the Audit Committee on the performance of the Internal Audit service.

6 EQUALITY AND DIVERSITY IMPLICATIONS

7 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups, as defined under the Equality Act 2010

8 RECOMMENDATION

8.1 It is proposed that the Committee **RESOLVES**

- (1) That the update on delivering the 2021/22 Audit Plan be noted.
- (2) That the conclusions and results from completed audit engagements in Appendices 2 and 3 be noted.
- (3) That the updated status of audit recommendations in Appendix 4 be noted.



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Background Papers: -

None.

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Enclosure No.1

1 DELIVERY OF THE ANNUAL AUDIT PLAN 2021/22

- 1.1 A table detailing the audit engagements completed to date is provided for at **Appendix 1**.
- 1.2 A further five audit engagements from the 2021/22 Annual Audit Plan have been completed since the last Audit Committee in September. Three engagements were rated as “Adequate” and two engagements have no audit assessment allocated. One has no rating because it was the completion of an initial piece of work on behalf of BDO, the External Auditor, in respect of the Housing Benefits Subsidy Claim, the other being a consultation following a service area request.
- 1.3 The opinion given and main points arising from the completed audit engagements is summarised at **Appendix 2** or in respect of light touch reviews at **Appendix 3**. An explanation of the meaning of and reason for each assessment (opinion) is provided in **Appendix 5**. This appendix should be read in conjunction with **Appendix 6** setting out the recommendation categories.
- 1.4 Please note that there has been a change in the format of the Audit Reports in **Appendix 2** with a move away from colour and graphics in order to be more compliant with digital accessibility requirements.

2 COUNTER FRAUD ACTIVITY

- 2.1 Responsibility for investigating fraud, excluding housing benefits, or error relating to Local Council Tax Support (LCTS), Council Tax & Business Rates discounts and exemptions rests with the local authority and for Rochford District Council such work is undertaken by the Compliance Officer, Revenues and Benefits, and officers in Business Rates. Both the National Fraud Initiative (NFI) and Pan Essex Data Hub provide the means for the Council to identify potential fraud through data matching, followed by subsequent investigation by the Compliance Officer.
- 2.2 As of 31 October 2021 the value of Council Tax identified as recoverable, as a result of Revenues & Benefits compliance work, from all sources including LCTS, was £128.1k, of which £103.6k related to identifying unbilled properties and withdrawal of discounts or exemption that no longer apply.
- 2.3 Housing Benefit fraud continues to be investigated by the Department for Work & Pensions, but the Revenues & Benefits Team continues to identify and collect overpayments of Housing Benefit. Amounts identified for recovery by compliance work in respect of Housing Benefits was £10.5k as of 31 October 2021.

- 2.4 From April to 31 October 2021, the value of identifiable gains in respect of business rates was £155.3k of which £91.2k related to unbilled properties. The rest related to undeclared changes or ineligible discounts. The total gain, net of allowable discounts or reliefs, is £142.2k.

3 MONITORING OF INTERNAL AUDIT RECOMMENDATIONS

- 3.1 Recommendations arising from completed audit engagements are shown in **Appendix 4**.

This includes the current status of all recommendations that were live as at the date of the prior Audit Committee in September 2021 and all recommendations raised since that date. 7 recommendations were brought forward from 2020/21. There are 13 live recommendations.

- 3.2 A total of 7 new recommendations have been raised since the last Audit Committee. Two recommendations have had a change in implementation date, since the September Committee date. These relate to Street Cleaning Contract and Complaints audits. The reason for the extension is included in Appendix 4.
- 3.3 Following discussions at the last Audit Committee, the matter of implementation dates has been discussed with the Leadership Team.

COMPLETED AUDIT ENGAGEMENTS SUMMARY - APPENDIX 1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Complaints Report 2 – 2021/22	Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve.	Adequate	28/9/21	-	-	1	-
Treasury Management Report 3 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of its priorities Failure to provide consistent value for money (VFM) across all services or obtain VFM in its procurement	Good	28/9/21	-	-	-	1
Cemetery Management Report 4 – 2021/22	Failure to ensure good governance of the Council's activities and delivery of its priority outcomes	Adequate	28/9/21	-	-	1	3
Restart Grant Certification Audit 5- 2021/22	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	Good	28/9/21	-	-	-	-

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Housing Benefits Subsidy Report 6 – 2021/22	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	No Opinion Stated	15/12/21	-	-	-	-
Planning & Building Control, PBC Technical Review Report 7 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	No Opinion Stated	15/12/21	-	-	-	-
Housing Benefits Report 8 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/12/21	-	-	-	2
Engagement with Residents and Other Stakeholders Report 9 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/12/21	-	1	1	-
Car Parking Report 10 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/12/21	-	-	3	-

OTHER WORK UNDERTAKEN		
AUDIT AREA	NATURE OF WORK	REPORTED TO AUDIT COMMITTEE
Disabled Facility Grants 2020/21 Certification Audit 1 – 2021/22	Completion of testing a sample of DFG, awarded in 2020/21, for compliance with regulations on behalf of Essex County Council. There were no matters arising.	28/9/2021

APPENDIX 2COMPLETED AUDIT ENGAGEMENTSPLANNING & BUILDING CONTROL, PBC TECHNICAL REVIEW
REPORT 7 2021/22Audit Objective

This review was carried out at the request of the Planning Manager, to assist in monitoring operations performed by the PBC Technicians. This is a consultation review of operations, not an examination of the control environment, accordingly there is no formal audit opinion.

Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register.

Business Plan Objective; Becoming Financially Sustainable

Corporate Risk; Failure to ensure good governance of the Councils activities and delivery of priority outcomes

Reason for inclusion in the Annual Audit Plan

Undertaken at request of Service management.

Executive Summary

The Planning and Building Control (PBC) Technical Team currently consists of 2.5 full time equivalent staff. To identify how their workloads are split between the Planning and Building Control services, where the pressures lie and whether there are any areas that could operate more efficiently, Internal Audit (IA) undertook multiple meetings and shadowing opportunities with the PBC technicians, and meetings with the Planning Manager and Building Control Team Leader. The PBC Technicians also completed daily logs over a four-week period, to record time spent supporting each service area.

The findings concluded that the team are working to maximum capacity. It is clear from discussions with key officers that daily administrative enquires, allied with holiday and absence has repercussions on other important work and statutory deadlines such as processing incoming planning applications, which impacts the target driven quarterly performance, plan checking, decision making and completion certificates. Any delays for the Building Control service can directly affect the ability to compete for work and in turn loses the Council revenue. In the opinion of the

Building Control Line Manager, the Council are currently losing 30-35% of work to other agencies, and there are still administrative duties that are carried out by the PBC technicians when this does happen.

A review of the daily logs found that on average between the PBC's, 61% of their time was spent supporting the Planning Service, 22% supporting the Building Control Service, the remaining 17% was either meetings, general administrative duties or annual leave. This time recording was a one-month snapshot of the work undertaken during that period and may be subject to change depending on priorities.

The processes within the services, particularly Building Control, are quite labour intensive; scanning, importing, and printing of documents. IA explored whether processes could be supported more by technology. However, there are valid reasons why the Building Control Officers (BCOs) benefit from working with hard copy files. This does mean that much of the administrative duties fall to the PBC technicians, as the BCO's would be unable to carry out this work without it impacting on their priority tasks. Furthermore, from discussions with key officers, regardless of how Planning Officers are supported by technology, this does not impact on the work of the PBC technicians.

From observations, there does not appear to be any unnecessary duplication of effort and there are examples where both service areas have been subject to "lean reviews" where working practices have been improved. From discussions with management, they are always looking for ways to improve efficiency to support the PBC Technicians. However, there is the general feeling that they have reached the stage where there are no obvious opportunities for further improvement.

As a result of this review, there has been a standardisation of process that will go some way to ensure that payments taken from customers are coded to the correct budget, reducing the time spent notifying the Finance Team to correct miscoded payments. There is also currently an I.T issue whereby some information from the Planning Portal does not automatically update within Council systems as it should, so the PBC Technicians have to manually copy the information across. This has already been raised with the I.T team to seek resolution. Once resolved, some time will be saved for the PBC technicians in these areas.

The team appear to be managing their time as effectively as they can for both the Planning and Building Control services, and processes generally appear to be operating effectively.

HOUSING BENEFITS**REPORT 8 2021/22****Audit Objective**

To assess whether the key controls in the Housing Benefits operations are adequately designed and effectively applied. Testing in respect of assessment of Housing Benefit claims was carried out in Housing Benefit Subsidy Audit work (Report 6 – 2021/22).

Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

- | | |
|---------------------------------|--|
| Business Plan Objective; | • Being Financially Sustainable |
| Corporate Risk; | • Failure to ensure good governance of the Council's activities and delivery of priority outcomes |
| | • Council held data is lost, destroyed, disclosed, or misused to detriment of individuals or organisations |

Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 6. The basis for assessing the priority status of recommendations arising is set out in the table on page 7.

The level of assurance assessed for this audit is – ADEQUATE

Risks tested and outcomes

Risk Area Tested	Assurance Level	Number and priority of recommendations made
Payments are not made accurately, completely or in a timely manner	Good	None

Quality assurance checks are not carried out resulting in re-occurring errors etc. not being identified	Good	None
Overpayments are not identified and actively pursued in a timely manner	Limited	None See Narrative
Reconciliations of payments made / overpayments recovered are not carried out between the Academy and Finance systems	Good	None
Data is not effectively controlled	Adequate	1 Low Priority
Risk Assessments are not in place, not relevant or are not up to date	Adequate	1 Low Priority

Executive Summary

The Housing Benefits function is long established and well managed. The assessed opinion for Housing Benefits is “Adequate”, notwithstanding the “Limited” assessment above for management of overpayments.

Departmental testing for quality assurance of benefits assessments is carried out daily and testing of this function for this audit review confirmed effective standards of the check, but it is stated by the Revenues & Benefits Manager that they wish to make this system more robust to reduce further the low rate of errors identified.

The areas of payment controls and financial reconciliations are assessed as good. Two low-level recommendations have been made in respect of data control and risk management, but these are enhancements to controls rather than addressing areas of uncovered risk.

The only area that is of concern is in the area of recovery of overpaid benefit, arising from fraud or error. From 2020, until recently, the priority for addressing overpayments was reduced to meet additional pressures within Revenues and Benefits arising from the Covid-19 pandemic, in particular dealing with several different Government grant streams for businesses, increased workload in Council Tax Support applications and additional work such as “Test and Trace” support. Once the restrictions eased, priority was directed to dealing with arrears in Council Tax and Business Rates. This did not mean that the overpayments function was not progressing. Overpayment invoices continued to be issued, deductions from ongoing benefits continued and, in many cases, claimants maintained agreed payment instalments. What ceased was a pro-active management of overpayments where intervention or change in recovery methods was required. This also included the write-off of debts that are deemed unrecoverable.

It must be acknowledged that service management was fully aware of this position and monthly reports were made to the Portfolio Holder for Financial Services, covering all of the output from Revenues & Benefits. As a result of these reports an action plan was created, prior to the start of this Audit review, to kick-start the process again. This is now significantly advanced and included a detailed integrity check of the system to improve reporting and working towards participation in an online link to the DWP, to enable a more streamlined approach to attaching the overpayment to existing benefits.

Reports being produced now are enabling the Overpayments Officer to identify stages reached in the recovery process in a more efficient manner than was in place prior to 2020 and the recovery escalation process is now starting off again. This function has been assessed as “Limited”, but no recommendation is being raised as work to reactivate is already well established.

ENGAGEMENT WITH RESIDENTS AND OTHER STAKEHOLDERS
REPORT 9 2021/22

Audit Objective

To review arrangements for engaging and communicating with residents and stakeholders.

Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

Business Plan Objective; Enable Communities

Corporate Risk; Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve

Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 6. The basis for assessing the priority status of recommendations arising is set out in the table on page 7.

The level of assurance assessed for this audit is – Adequate

Risks tested and outcomes

Risk Area Tested	Assurance Level	Number and priority of recommendations made
Policies and Procedures are not in place for conducting statutory and non-statutory consultations and engagement exercises	Limited	1 Significant 1 Moderate
Failure to engage effectively with residents and stakeholders	Adequate	None
The Council operate an inconsistent approach when conducting consultations (both statutory and non-statutory)	Adequate	See policies and procedures risk above and narrative below.

The Council does not comply with digital accessibility regulations, particularly with regards to inclusivity	Adequate	None
Data is not effectively controlled	Good	None
Risk Assessments are not in place, not relevant or are not up to date.	Good	None

Executive Summary

The Council undertakes a number of statutory and non-statutory engagement and consultation activities each year. Ongoing dialogue between the organisation and its residents and stakeholders is crucial, given the reputational risk to the Council should there be a failure to effectively obtain, analyse and report on the views of the district.

The Council does not currently have an overarching corporate engagement strategy in place to support a consistent approach. The Leadership Team (LT) have acknowledged this, and it is a corporate responsibility to formalise an approach. It is also acknowledged that this may form a detailed project-based endeavour under the responsibility of an Assistant Director but will involve all service areas. A recommendation is being raised which should consider the following:

- Define Statutory consultations and the Councils duty to consult with reference to legislations
- A central forward plan to evidence all engagement and consultation activity
- Principles of Community Engagement
- A framework and expectation to customers for non-statutory engagement and consultation activity
- Importance of Communications (including wording of items published).
- Scoping and approach (who, why, how)
- Questions/checklists/toolkit to confirm why and at what stage an engagement activity could take place
- Sharing and best practice
- A means to evidence the reach of the consultation through website and social media statistics.
- Digital Accessibility

Internal Audit (IA) reviewed a number of consultations and engagements at varying levels including the following, by way of discussions with key officers, and reviewing social media platforms and the Council web pages:

- The Budget Consultation
- The New Local Plan/the Spatial Options Consultation
- The Health and Wellbeing Strategy
- The Asset Delivery Programme
- The Council Tax Support Scheme Consultation

Service areas are generally responsible for co-ordinating their own engagement and consultation activity and as a result arrangements may vary across the Council, particularly for non-statutory consultations, including timeframes, planning, and

engagement tools. Although procedures may not be consistent as per a formalised approach, all relevant areas appear to be addressed. However, use of a common engagement tool would also improve consistency of methodology.

Residents and stakeholders are provided with reasonable opportunity and multiple means to respond to engagement and consultation activity, the most popular platforms being online surveys (non-digital copies are available) and varying social media streams. Social Media statistics can be obtained although this is not something that is routinely carried out. Therefore, the Council may not be able to establish the range and popularity of a particular consultation across social media streams. There is also no forward plan or central evidence tool for all live engagement activity. These elements are addressed in the recommendation relating to the overarching engagement strategy.

Under Public Sector Bodies Accessibility Regulations 2018, the Council is legally obliged to ensure the website is accessible to as wide an audience as possible, including people with disabilities. Significant work was undertaken to ensure compliance by the deadline of 30th September 2021, however there are still areas which remain non-compliant with the Web Accessibility Regulations. The I.T and Web team are taking pro-active steps to improve compliance where possible, and to inform all officers of the importance of digital accessibility. An up-to-date Accessibility Statement has been published on the website. The new accessibility criteria will impact on the way consultation and engagement is approached and is included as a risk on the Service Area Risk Register. Likewise, risks and mitigating controls regarding negative publicity and failing to engage with stakeholders are in place on Risk Registers where service areas have undergone consultations.

CAR PARK MANAGEMENT
REPORT 10 2021/22

Audit Objective

To carry out a review of the arrangements for enforcing parking in the Councils off-street parking sites.

Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associated risks identified in the Corporate Risk Register

Business Plan Objective; Being financially sustainable
Corporate Risk; Failure to ensure good governance of the Councils activities and delivery of priority outcomes

Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 6. The basis for assessing the priority status of recommendations arising is set out in the table on page 7.

The level of assurance assessed for this audit is – Adequate

Risks tested and outcomes

Risk Area Tested	Assurance Level	Number and priority of recommendations made
Income is not accurately received for car parking tickets, PCN's or season tickets	Adequate	2 Moderate
Car parking machine discrepancies are not monitored leading to an error or theft not being identified	Adequate	1 Moderate
Theft from or vandalism of ticket machines or loss of power to the machines	Adequate	None

Incorrect control of car parking keys could lead to loss or theft of cash	Adequate	See machine discrepancy risk above and narrative below.
Cancelled PCN's are not correctly processed and there is a potential for bribery and theft	Adequate	None
Data is not effectively controlled	Good	None
Risk assessments are not in place, not relevant or are not up to date	Adequate	None

Executive Summary

The Council is responsible for enforcing parking regulations within the district under the Traffic Management Act 2004. There are 29 car parking machines across the district. This audit reviewed the procedures for collecting and reconciling income and the maintenance of the ticket machines, giving due consideration to the possible impact on controls considering the COVID pandemic, a reduction in team resources and the implementation of a new Car Parking system (3Sixty).

The controls that are in place for ensuring car park cash is emptied from the ticket machines, received into the Council, and counted safely and securely appear effective. There has been an increase in home working, however a rota is in place to ensure that someone is on site to count cash when it arrives. Car Park cash is counted by two officers in a secure room, one of which is always a Finance Officer.

Due to COVID restrictions and intermittent closures of car parks, emptying of cash machines and issuing of Parking Charge Notices (PCN's) have been less frequent at times in 2020-2021. However, when the car parks are in use, reconciliations between audit tickets from the machines and cash counted have been carried out regularly. This check is in place to identify machine errors or potential fraud. A review of the process found that some higher value or ongoing discrepancies were not always investigated. By discussion with the Transportation Supervisor there are valid reasons, however a recommendation has been raised to provide additional assurance and earlier resolutions of machine faults. Plans are in place to install new machines and cash boxes this financial year which should improve reliability of the machines.

Procedures for counting cash and the remittance to the Councils bank account were reviewed in the Cash and Banking Audit for 2019/20 and assessed as adequate. Income from non-cash payments (Pay by phone, PCN's and season tickets) are correctly received into the Council and reconciled to the bank account and general ledger. Initial testing identified that not all PCN funds received had been updated on the 3Sixty system. Extended testing found this to be the case for a further 8 out of 15 payments. There appears to be a system glitch which prevents automatic updates of transactions, so this is currently a manual task which testing has identified as not effective. A recommendation has been made to refine procedures going forward and review retrospectively to ensure that vehicle owners who have paid PCN's are not pursued further. Planned ICT upgrades are due to take place which should resolve the issue.

PCN's are escalated, written off or cancelled in line with procedures, although occasional delays have been seen due to learning and technical adjustments since the implementation of the 3Sixty system in April 2021, as well as some delays in receiving vehicle keeper information from the DVLA.

There has been just one member of staff to deal with parking administration since mid-2020 and some functions are not up to date, such as writing off uncollectable PCN's, which should be actioned quarterly. A recommendation has been raised to address this issue.

Ticket machines are serviced once a year and additional checks are undertaken if there are any reported faults. Extra security plates are also in place to prevent theft of or cash from the machines.

A Privacy Notice for the Transportation Service is in place on the Councils website. The Service Area Risk Register is currently under review. COVID 19 risks and controls for the Parking Officers have been acknowledged.

APPENDIX 3**COMPLETED LIGHT TOUCH AUDIT ENGAGEMENTS****HOUSING BENEFITS SUBSIDY 2020/21
REPORT 6 (2021/22)**

As part of the 2021/22 Annual Audit Plan, work was carried out on behalf of the BDO, the External Auditor for the Housing Benefits Subsidy Claim, to review a sample of benefit cases processed during 2020/21. This report serves to advise Members of the position after the completion of the initial stage of testing. No opinion has been issued as that will be determined by BDO on completion of their audit work.

The internal audit work carried out involved testing the accuracy of transactions from 2020/21 for 20 rent allowance cases relating to both private and social housing tenants, 20 cases relating to temporary accommodation secured by the Council's Homeless Team, and 1 modified scheme, where income from war pensions is disregarded for the purpose of benefit assessment. This work is carried out under Department for Work and Pensions (DWP) regulations and all errors are required to be reported.

For the purpose of context, the total Housing Benefit subsidy claimed in 2020/21 is in the region of £12.1m. During the year there were 82 new rent allowance cases, and 77 new temporary accommodation claims. There was an average active caseload of 1,956 claims across all types.

Covid-19 related changes in the Local Housing Allowance (LHA) impacted the workload in 2021/22 and there were 26,866 changes in claim circumstances processed during the year, for which updated notifications must be issued (16,180 in 2019/20). Benefits staff were also involved in processing test & trace payments for those residents impacted by Covid-19.

Across the sample tested there were two errors identified in Rent Allowances. In both cases these errors originally occurred prior to 2020/21.

- A rent increase, advised in 2018, had not been actioned. Benefit is paid on the basis of the lower of rent due or maximum relevant LHA, and it was only in 2020-21 with a Covid-19 uplift of LHA rates, that the increase in rent resulted in an increased entitlement of benefit. This underpayment, of £511, has been corrected.
- The other case was more complex and related to a claimant who originally had a claim as tenant, with an adult family member living at the property, who was treated as a non-dependent for which a deduction to benefit is applied. Examination of records for the audit identified that the family circumstances changed in 2015 in that they became joint tenants for which a different method of processing is used. This change of circumstances resulted in an overpayment, of which £717 related to 2020/21. This was processed as a Local Authority Error (LAE) with no impact on the claimant retrospectively.

There were three errors in processing benefit for those in temporary accommodation.

- An incorrect end-date was used on cessation of a tenancy resulting in an overpayment of £221. The claimant was not disadvantaged.
- Cancellation of an element of notional allowance was not actioned in 2018, at which time the claimant had ceased to qualify for benefit. This element was included when the claim was reactivated with a new temporary property in 2020/21. This resulted in an overpayment of £28, which was classified as an LAE, with no impact on claimant.
- One valid overpayment of £250, processed during the year, was not correctly classified in line with DWP guidance. This has no impact on the claimant.

Finally, there was one error in the modified scheme, where an incorrect tenancy end-date was used, resulting in an overpayment of £336. Again, this was an LAE.

In the comparable testing for the Subsidy Audit for 2019/20 there were

- Three errors from two temporary accommodation cases and
- One error relating to rent allowances

The outcome of this testing has been shared with the Revenues and Benefits Manager who will consider whether there are any further measures that be taken to reduce the possibility of human error when processing HB claims in future.

The detailed testing results, together with additional testing carried out by the Benefits Team based on specific issues from prior years, will be passed to BDO, who will consider the results and carry out further testing as required by the DWP. This will enable them to determine the extent and impact of the errors within the whole claim and will inform their opinion of the Housing Benefit Subsidy Claim in their report to the DWP. A copy of the completed BDO report for 2020/21 will be presented to this Committee later in this financial year.

Appendix 4

Progress of Audit Recommendations

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
17 2017/18	Procurement	3a	M	Contract Procedure Rules and Procurement Guidance will be updated (a)	Agreed Implementation Date 31/3/19 CPR review ongoing. Revised end date 31/12/19. Work in progress with many elements progressed but unable to complete, partially in respect of EU arrangements. Revised end date 31/03/20 Revised end date to bring in line with Constitution review and Financial Regulations review, 31/3/21 Constitution update to be reviewed and rescope. Revised implementation date 31/3/22
2 2018/19	Street Cleaning Contract	1	M	For consistency and future planning, the work of the Street Scene Officers involved in monitoring the contract will be documented in a set of operational procedures.	Agreed Implementation date 1/4/19. Outcomes are being negotiated with Contractor. Revised end date 30/06/19. Monitoring sheets are being implemented. Written procedures still to be developed. Revised implementation 31/10/19. Procedures still to be developed. Revised end date 31/12/19. Updated Position at 15/6/21: This is now being actioned. A system is expected to be in place within 3 months. Revised End Date 30/9/21

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
					Updated Position Dec 2021: A new officer with contract management responsibilities has started in mid-November and development of procedures will be part of the role. Marked forward to 31/12/21 to confirm ongoing status of recommendation.
6 2018/19	Insurance Arrangements	1	M	<p>A project team will be established to consider an approach to produce, ideally, to produce a single asset register and to work on a solution.</p> <p>Matter raised during the audit will be reviewed and reflected in the 2018/19 balance sheet</p>	<p>Original End Date 31/12/19</p> <p>The recommendation to establish an internal project team to create a master list of assets has been completed using Land Registry information to produce a single document that all internal teams will refer to and keep updated. Due to the different requirements of the finance, legal and assets teams, each service area also retains supporting documentation to supplement this for their own records.</p> <p>The supporting documentation is currently being worked through by the legal and assets teams to verify it is fully up to date. Some additional resource may be required to complete this work and determine whether a more integrated digital database solution can be utilised going forward – this will be investigated as part of the Connect Programme which is due to report back in summer 2021. End date 31/07/2021 . Report date is now due to be taken to Executive in Jan 2022.</p> <p>Revised end date 31/3/2022.</p>

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
11 2018/19	Budget Setting and Monitoring	2	M	RDC Financial Regulations will be reviewed to include appropriate controls of transfers to and from Reserves as stated in the Medium-Term Financial Strategy. To be considered as part of overall review of Financial Regs during 2019/20.	Agreed implementation date 31/03/20. Financial regulations to be reviewed as part of overall constitution. Revised end date 31/03/21. Constitution update to be reviewed and rescoped. Revised implementation date 31/3/22
14 2018/19	Contracts Procurement and Purchasing	2	M	Finance resilience checks will form part of the competitive process for fully tendered purchases for high value, high risk contracts, in order for the Council to be aware of the financial health of a supplier before entering into business with them. Contract Procedure Rules will be amended to include this detail.	Agreed implementation date 31/12/19 Revised end date to bring in line with other CPR recommendations 31/3/20 Revised end date to bring in line with Constitution review and Financial Regulations review. 31/3/21 Constitution update to be reviewed and rescoped. Revised implementation date 31/3/22
14 2018/19	Contracts Procurement and Purchasing	3	L	CPR will be amended to include safeguarding requirements and whether copies of contractor’s policy statements should be included in all appropriate contracts.	Agreed implementation date 31/12/19. Unable to progress CPR until EU arrangements are known. Revised end date 31/03/20 Revised end date to bring in line with Constitution review and Financial Regulations review. 31/3/21 Constitution update to be reviewed and rescoped. Revised implementation date 31/3/22
24 2019/20	ICT Security	2	S	The Council will commission a penetration test of the ICT	The internal infrastructure work was completed in March 2021

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				environment as soon as practicable after completion of the migration of all operational systems to a cloud or managed service to determine its integrity	<p>This now enables a penetration test to take place, and this has been commissioned to take place in early September 2021.</p> <p>Revised end date 13/9/21. Work started on the penetration test in the week commencing 6-9-21. It is expected that the report arising will be received by the end of September. Revised end date 30/9/21.</p> <p>Report Received. Recommendation completed</p> <p style="text-align: right;">COMPLETED - DELETE</p>
4 2021/22	Cemetery Management	1	M	An inspection regime that will carry out “force testing” of potentially dangerous headstones or memorials, will be initiated in line with the Institute of Cemeteries & Crematorium Management policy of 2019.	<p>Agreed Implementation date 28/2/22</p> <p style="text-align: right;">COMPLETED - DELETE</p>
4 2021/22	Cemetery Management	2	L	The Cemetery service will seek guidance from the Data Protection Officer to determine if a cemetery specific privacy notice is required.	<p>Agreed implementation date 30/9/21</p> <p>Implemented</p> <p style="text-align: right;">COMPLETED - DELETE</p>
4 2021/22	Cemetery Management	3	L	The cemetery management process will be included in the Information Asset Register	<p>Agreed implementation date 30/9/21</p> <p>Implemented</p> <p style="text-align: right;">COMPLETED - DELETE</p>
4 2021/22	Cemetery Management	4	L	The Customer Services Risk Register will be updated to document the potential risks and the range of	<p>Agreed implementation date 30/9/21</p> <p>Implemented</p> <p style="text-align: right;">COMPLETED - DELETE</p>

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				mitigating controls that are in place in respect of cemetery administration.	
2 2021/22	Complaint Handling	1	M	<p>Internal and External Complaints Procedures will be updated to include the following areas:</p> <ul style="list-style-type: none"> - What constitutes a complaint - How to deal with and report incoming complaints to Customer Services - The importance of formally responding, and communicating in a standard format, informing the customer of the escalation process should they remain unsatisfied. - Reporting to Customer Services on lessons learnt and how processes have been improved as a result of a complaint, where appropriate <p>Out of date procedures on the intranet will be removed.</p>	<p>Agreed implementation date 31/10/21.</p> <p>Due to a long-term sick period it was not possible to implement by due date. Work is progressing.</p> <p>Revised end date 31/01/22.</p>
8 2021/22	Housing Benefits	1	L	The record of staff declarations will be reviewed to ensure that all current, and future staff with access to Academy have a completed declaration.	Agreed implementation date 28/2/22
8 2021/22	Housing Benefits	2	L	The Revenues & Benefits risk registers will be updated to encompass relevant risks relating to remote / agile working arrangements	<p>Agreed implementation date 30/11/21</p> <p>Implemented</p> <p style="text-align: right;">COMPLETED - DELETE</p>

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
9 2021/22	Engagement with Residents and Stakeholders	1	S	An overarching corporate engagement and consultation approach for external engagement and consultation activity will be formalised. It is acknowledged that this may be a project-based approach and the recommendation is intended to develop the initiation of the project.	Agreed implementation date 31/3/22
9 2021/22	Engagement with Residents and Stakeholders	2	M	Detailed consideration will be given to the acquisition of a suitable engagement tool to support both the consultation itself and subsequent reporting of outcomes.	Agreed implementation date 31/3/22
10 2021/22	Car Parking Management	1	M	Quarterly reports of written off PCN's will be submitted to and approved by S151 officer	Agreed implementation date 31/1/22
10 2021/22	Car Parking Management	2	M	A process will be adopted to ensure that all PCN funds that are received into the Council are input to the Car Parking System (3Sixty), and there will be a retrospective review to ensure that all existing payments have been input at least as far back as late 2020.	Immediate implementation First part completed. Retrospective review to be completed by 31/1/22
10 2021/22	Car Parking Management	3	M	High value or ongoing discrepancies between car park cash counted and the audit tickets will be investigated, rectified and recorded.	Immediate implementation COMPLETED - DELETE

APPENDIX 5

BASIS FOR AUDIT OPINION		
Assurance level	Internal Audit’s opinion is based on <u>one or more</u> of the following conclusions applying: -	Basis for choosing assurance level
Good	<ul style="list-style-type: none"> • The activity’s key controls are comprehensive, well designed and applied consistently and effectively manage the significant risks. • Management can demonstrate they understand their significant risks and they are proactively managed to an acceptable level. • Past performance information shows required outcomes are clearly defined and consistently met. 	Recommendations are ‘low’ rating. Any ‘moderate’ recommendations will need to be mitigated by consistently strong controls in other areas of the activity.
Adequate	<ul style="list-style-type: none"> • Most of the activity’s key controls are in place, well designed and applied consistently and effectively manage the significant risks. • Management can demonstrate they understand their significant risks and they are generally and proactively managed to an acceptable level. • Past performance information shows required outcomes are clearly defined and generally met. 	Recommendations are ‘moderate’ or “Low” rating. Any ‘significant’ rated recommendations will need to be mitigated by consistently strong controls in other areas of the activity. A ‘critical’ rated recommendation will prevent this level of assurance.
Limited	<ul style="list-style-type: none"> • The activity’s key controls are absent or not well designed or inconsistently applied meaning significant risks. • Management cannot demonstrate they understand and manage their significant risks to acceptable levels. • Past performance information shows required outcomes are not clearly defined and or consistently not met. 	Recommendations are ‘significant’ or a large number of ‘moderate’ recommendations. Any ‘critical’ recommendations need to be mitigated by consistently strong controls in other areas of the activity.
None	<ul style="list-style-type: none"> • The activity’s key controls are absent or not well designed or inconsistently applied in all key areas. • Management cannot demonstrate they have identified or manage their significant risks • Required outcomes are not clearly defined and or consistently not met. 	Recommendations are ‘critical’ without any mitigating strong controls in other areas of the activity.

RECOMMENDATION CATEGORIES		
C	CRITICAL	<p>The identified control weakness could lead to a critical impact on the activity’s ability to manage the risks to achieving its key objectives. The control weakness means the associated risk highly likely to occur or have occurred.</p> <p>There are no compensating controls to possibly mitigate the level of risk.</p>
S	SIGNIFICANT	<p>The identified control weakness could have a significant impact on the activity’s ability to manage the risks to achieve its key objectives. The control weakness means the associated risk is likely to occur or have occurred.</p> <p>There are few effective compensating controls. Where there are compensating controls, these are more likely to be detective (after the event) controls which may be insufficient to manage the impact. The difference between ‘critical’ and ‘significant’ is a lower impact and or lower probability of occurrence and or that there are some compensating controls in place.</p>
M	MODERATE	<p>The identified control weakness could have a moderate impact on the activity’s ability to manage the risk to achieving its key objectives. The control weakness does not undermine the activity’s overall ability to manage the associated risk (as there may be compensating controls) but could reduce the quality or effectiveness of some processes and or outcomes.</p>
L	LOW	<p>The identified control weakness is not significant, and recommendations are made in general to improve current arrangements.</p> <p>Note – these recommendations will not be followed up.</p>