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## AUDIT PROGRESS REPORT 2022/23

### 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 2023, 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 With the formal delegation of its internal audit service to Basildon Council from 1<sup>st</sup> July 2022 Rochford Council's audit team were TUPEd over to Basildon. A pool of audit resource derived from combining the two audit teams now delivers the respective audit plans, for Rochford and Basildon, based on an agreed number of chargeable audit days.
- 4.2 At the September 2022 meeting of this Committee, Members were informed of changes to 2022/23 audit plan and options should the identified vacancies still exist as at the end of October. For further details on changes to the 2022/23 audit plan, please refer to **Enclosure No.1 and Appendix 4**.

**5 ENVIRONMENTAL IMPLICATIONS**

5.1 None.

**6 LEGAL IMPLICATIONS**

6.1 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.

6.2 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.

**7 PARISH IMPLICATIONS**

7.1 None.

**8 EQUALITY AND DIVERSITY IMPLICATIONS**

9 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

**10 RECOMMENDATION**

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

- (1) That the update on delivering the 2022/23 Audit Plan together with revised audit plan (at Appendix 4) be noted.
- (2) That the conclusions and results from completed audit engagements in Appendix 2 & 3 be noted.
- (3) That the updated status of audit recommendations in Appendix 5 be noted.



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**Background Papers: -**

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## AUDIT COMMITTEE – 16 November 2022

### COMPLETED AUDIT ENGAGEMENTS SUMMARY - APPENDIX 1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Transparency Code / Freedom of Information Report 1 – 2022/23	Failure to ensure compliance with the General Data Protection Regulations (GDPR) and unable to demonstrate consistent application of information standards, controls, and statutory compliance	Adequate	28 September 2022	-	-	2	3
Licensing Report 2 – 2022/23	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	Adequate	16 November 2022	-	-	2	1
Housing Benefits Subsidy Report 3 – 2022/23	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	No Opinion Stated	16 November 2022	-	-	-	-

#### OTHER WORK UNDERTAKEN

AUDIT AREA	NATURE OF WORK	REPORTED TO AUDIT COMMITTEE

**AUDIT COMMITTEE – 16 November 2022**

Contain Outbreak Management Fund (COMF) 2021/22	Confirmation that the conditions attached to the grant have been complied with.	28 September 2022
Test & Trace Support Payments	Confirmation that the conditions attached to the funding have been complied with.	28 September 2022

### COMPLETED AUDIT ENGAGEMENTS

#### LICENSING REPORT 2 2022/23

#### Audit Objective

To review arrangements in place for delivering the services within the Licensing department.

#### 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.

#### Prior Audit Work

Last Audit and Assessment: *2017/18 Adequate*

#### 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 7. The basis for assessing the priority status of recommendations arising is set out in the table on page 8.

**The level of assurance assessed for this audit is – Adequate**

## AUDIT COMMITTEE – 16 November 2022

### Risks tested and outcomes

<b>Risk Area Tested</b>	<b>Assurance Level</b>	<b>Number and priority of recommendations made</b>
Procedures and Policies are not up to date with potential for operation outside of legislation.	Adequate	1 low
Systems and processes are not robust resulting in ineffective management of licensing activities.	Adequate	1 moderate
Insufficient resources resulting in a failure to deliver services to appropriate standards for the key licensing areas.	Adequate	None
Financial information for the service is not readily available.	Adequate	None
Data is not effectively controlled.	Adequate	1 moderate
Risk Assessments are not in place, not relevant or are not up to date.	Good	None

### Executive Summary

The Council issues licenses for a wide range of activities across the district. The Licensing Act 2003 and Gambling Act 2005 requires authorities to publish updated Statement of Licensing Policies for alcohol, premises, and gambling periodically. Rochford's policies are up to date and comprehensive in detailing procedures that are carried out in line with the Acts. However, some Licensing web pages should be reviewed and updated to ensure applicants are following the correct guidelines. A small number of licensing functions do not have written procedures and instead rely on legislation. This would not appear to adversely impact processing. An up-to-date Premises Licensing Register is also available on the Council's website.

Controls are in place to ensure statutory deadlines are being met, and terms and conditions are complied with for the various licensed activities. All aspects are recorded on the Diamond Licensing System. This includes renewal dates for applications and other legal requirements for each licence holder. Reminder notices are issued when expiry dates are approaching. There is suitable management oversight of the system, and minimal risk that licence holders are operating without a valid licence, however some administrative delays were seen in updating renewal dates particularly for MOT and car insurance certificates. In one case, the MOT had expired. This was raised with the Principal Licensing Officer who promptly suspended the licence. A review of the system should be carried out to ensure all expired dates are updated in line with valid certificates.



## **AUDIT COMMITTEE – 16 November 2022**

There are two full time Licensing Officers. Resource constraints mean that areas such as enforcement and identifying unlicensed activities tends to operate on a reactive basis. This is in the form of multi-agency working, reliance on other licence holders and members of the public to provide intel, and a strong, corporate social media presence. Mitigating controls are also in place to pre-empt busy periods of application processing and prioritise accordingly. Contingency plans have been made with other local authorities should the need arise due to staff sickness. A service review is likely to take place in line with the partnership arrangements with Brentwood Council. The work to bring the teams together should assist efficiency, resources, procedure improvement and resilience.

There is an established process in place for responding to appeals to licensing applications and breaches of conditions. Such cases are heard at the Licensing and Appeals Sub Committee. Decision making by the committee is well documented, justified and aligns with the objectives of the Licensing Act 2003.

Staff and Committee members are trained to the required level. Staff also have access to various resources and actively participate in working groups, enabling them to keep up to date with legislation and other changes.

Licensing fees and charges are set by government and are available on the Councils website. The Council will only issue licences once the correct fee has been received. Effective procedures are in place to capture income and expenditure for licensing activity. Budget Monitoring was reviewed as part of the 2021/22 audit plan with no matters arising.

A privacy notice has not been published on the Councils website. A recommendation has been raised to address this.

### **Next Steps**

The recommendations in the action plan below will be followed up when the agreed implementation dates are reached, and Internal Audit has not been advised that implementation has taken place. The results will be reported to management and the Audit Committee in summary form.

Follow up work concludes only on whether the agreed actions have been taken and does not re-visit the overall opinion given in the original report.



## AUDIT COMMITTEE – 16 November 2022

### Action Plan Arising from audit

No.	Risk with Control weakness identified	Recommendation and priority status	Management Response
1	<p><b>Procedures and Policies are not up to date with potential for operation outside of legislation</b></p> <p>The Statement of Licensing Policies, and web pages are comprehensive in detailing licensing procedures, however some web pages require updating in line with current guidelines, and some information could be more easily signposted for customers.</p>	<p>A review of the Councils Licensing Web Pages will be undertaken to ensure all relevant policies and related content is up to date. For example:</p> <ul style="list-style-type: none"> <li>- The Statement of Licensing Policy for Gambling and associated appendices for the period 2022-25 should be published on the website.</li> <li>- The appendices to the Statement of Licensing Policy should be updated on the website to reflect 2021-26 period.</li> <li>- The Street Trading Policy 2022-27 could be included as a link on the Street Trading web page.</li> <li>- The Hackney Carriage and Private Hire Licensing Policy for 2022-27 could be included in related content on the Taxi and PHV web page.</li> <li>- Remove the Licenced Scrap Dealers document and replace with updated version (if still deemed applicable). Some of the companies no longer hold a licence</li> </ul> <p><b>Low Priority</b></p>	<p><b>Agreed:</b> – Yes</p> <p><b>Responsible officer:</b> Principal Licensing Officer</p> <p><b>Implementation date:</b> 31/10/22</p>

## AUDIT COMMITTEE – 16 November 2022

<p>2</p>	<p><b>Systems and processes are not robust resulting in ineffective management of licensing activities</b></p> <p>Administrative delays have been seen on the Taxi Diamond system in updating expiry dates in line with valid certificates and documentation. This is particularly the case for MOT and motor insurance certificates. In the majority of cases it is likely that there is a valid MOT and insurance certificate in place, however in one case the MOT had expired. A review of expiry dates should be undertaken to minimise the risk of licence holders operating outside of legal requirements, and to ensure the system is up to date.</p>	<p>An administrative review of the Taxi Diamond system will be carried out to ensure that expired dates relating to MOT and car insurance are updated in line with valid certificates. Should there be any cases where MOT and insurance certificates have actually expired, the licence will be suspended.</p> <p><b>Moderate Priority</b></p>	<p><b>Agreed:</b> – Yes</p> <p><b>Responsible officer:</b> Principal Licensing Officer</p> <p><b>Implementation date:</b> 21/11/22</p>
<p>3</p>	<p><b>Data is not effectively controlled</b></p> <p>A privacy notice has not been published on the Councils website. Applicants' personal information is collected including identity documents, medical assessments, and criminal record history. A privacy notice should therefore be available to comply with GDPR regulations.</p>	<p>A privacy notice for the Licensing Service will be published on the Councils website.</p> <p><b>Moderate Priority</b></p>	<p><b>Agreed:</b> – Yes</p> <p><b>Responsible officer:</b> Principal Licensing Officer</p> <p><b>Implementation date:</b> Immediate implementation</p>

#### COMPLETED LIGHT TOUCH AUDIT ENGAGEMENTS

##### HOUSING BENEFITS SUBSIDY 2021/22 REPORT 6 (2021/22)

As part of the 2022/23 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 2021/22. 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 2021/22 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 two modified scheme cases, 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 2021/22 is in the region of **£10.7m**. During the year there were **85** new rent allowance cases, and **87** new temporary accommodation claims. There was an average active caseload of **1805** claims across all types.

Across the sample tested there were no errors identified for the Rent Allowances and Modified Scheme cases. There was one error in processing benefit for those in temporary accommodation, whereby benefit was understated by £145.59 as a result of a £5.96 water charge being incorrectly deducted from the claimants rent amount.

In the comparable testing for the Subsidy Audit for 2020/21 there were:

- Three errors relating to Temporary Accommodation cases;
- Two errors relating to Rent Allowances cases; and
- One error relating to the Modified Scheme case.

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 2021/22 will be presented to this Committee later in this financial year.



## Internal Audit Plan 2022/23

Internal Audit work needed in 2022/23 to provide an annual opinion.

Activity to be audited	Objective of work	Business Plan priority	Status
<b>Corporate Risk 1: We fail to deliver the objectives of the Council's Business Plan in terms of measurable outcomes</b>			
<del>Home Working Arrangements / Agile Working</del>	Examination of arrangements in place (guidance / training provided)  *Not considered a significant risk; new working practices have been in place for some while now.	All Priorities	Postponed to 2023/24
<del>Performance Management</del>	To assess the arrangements for measuring and reporting performance and development of measures against which progress of the Business Plan 2020/2023 can be assessed.  *Light touch review undertaken in 2021/22 – positive direction travel observed.	All Priorities	Postponed to 2023/24
<b>Corporate Risk 2: There is a failure of safeguarding arrangements</b>			
None Planned for 2022/23	Safeguarding was reviewed in 2020/21 – Good Assessment	Early Intervention	N/A
<b>Corporate Risk 3a: There is a serious Food, Environmental or other incident for which the Council is culpable</b>			
None Planned for 2022/23	Food Inspections was reviewed in 2019/20 – Assessed as Adequate	Early Intervention	N/A
<b>Corporate Risk 3b: There is a serious Health and Safety incident for which the Council is culpable</b>			

## Internal Audit Plan 2022/23

Internal Audit work needed in 2022/23 to provide an annual opinion.

Activity to be audited	Objective of work	Business Plan priority	Status
None Planned for 2022/23	Health & Safety was reviewed in 2021/22 – Assessed as Adequate	All Priorities	N/A
<b><i>Corporate Risk 4: We fail to respond to, or provide, relevant services in the event of an incident or disaster</i></b>			
None Planned for 2022/23	Emergency Planning / Business Continuity was reviewed in 2021/22 – Assessed as Adequate	All Priorities	N/A
<b><i>Corporate Risk 5: Council held data is lost, disclosed, or misused to detriment of individuals or organisations as result of inadequate protection</i></b>			
Investigation of critical information breaches	Independent investigation by Internal Audit in the event of a critical information security breach. (Contingent)	Being financially sustainable	
<del>Electoral Registration</del>	Examination of arrangements for the maintenance of Electoral Register * Last reviewed in 2020/21 – Adequate assurance given.	Enable Communities	Postponed to 2023/24
<b><i>Corporate Risk 7: Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve</i></b>			
None Planned for 2022/23	Engagement with Residents was reviewed in 2021/22 – Assessed as Adequate	Enable Communities	N/A



## Internal Audit Plan 2022/23

Internal Audit work needed in 2022/23 to provide an annual opinion.

Activity to be audited	Objective of work	Business Plan priority	Status
<b>Corporate Risk 8: We fail to innovate and develop new ways of meeting customer needs and expectations</b>			
Supporting key projects and policies	To act as a critical friend in providing advice / guidance on risks and controls as projects and policies reach relevant milestones (Connect Project)	Being financially sustainable	
Climate Change	A review of the Council's plans and policies.	Maximise Our Assets	Postponed to 2023/24
Equality & Diversity	To consider the adequacy and accessibility of the Council's E&D policies / procedures and the extent to which the Council complies with them. The provision of E&D training and appropriate performance reporting.  *Not considered a significant risk	Enable Communities	Postponed to 2023/24
<b>Corporate Risk 9: Failure to produce and meet a balanced budget and MTFs that allow for the successful delivery of the Business Plan priorities or the Capital Programme</b>			
None Planned for 2022/23	Budget Setting & Monitoring was reviewed in 2021/22 – Assessed as Good	Being financially sustainable	N/A
<b>Corporate Risk 10: The inability to recruit, retain, develop, and manage appropriately skilled staff to deliver the Council's priorities</b>			

## Internal Audit Plan 2022/23

## Internal Audit work needed in 2022/23 to provide an annual opinion.

Activity to be audited	Objective of work	Business Plan priority	Status
Staff performance management and development	To assess whether there is a robust and consistently applied framework to manage staff performance and ensure staff receive required training  *Light touch review undertaken in 2021/22 – positive direction travel observed.	Being Financially Sustainable	Postponed to 2023/24
<b>Corporate Risk 11: Failure to enter into and manage effective partnerships for the delivery of services and outcomes</b>			
Partnerships and Alternative Delivery Models	To assess arrangements for governance and oversight of Community Safety partnership to include ensuring delivery of agreed outcomes.	Enable communities	
<b>Corporate risk 12: The Council could fail to provide consistent Value for Money (VFM) across all services or obtain VFM in its procurement</b>			
Vehicle fleet management	To assess whether the Council effectively manages its fleet of vehicles in respect of maintenance and replacement management (Suggested by Management)	Being Financially Sustainable	Testing
<b>Corporate risk 13: Failure to ensure good governance of the Council's activities and delivery of priority outcomes</b>			
Annual Governance Statement (AGS) 2022/23	Ensure the AGS covers all elements set out in best practice guidelines.	All Priorities	

## Internal Audit Plan 2022/23

## Internal Audit work needed in 2022/23 to provide an annual opinion.

Activity to be audited	Objective of work	Business Plan priority	Status
	<p>Ensure relevant assurances have been obtained to support the elements of the AGS.</p> <p>Review evaluations of systems, processes and documentation supporting development of the AGS.</p> <p>Confirm areas for improvement identified in the AGS have been adequately identified and have action plans in place with arrangements for monitoring progress</p>		
Counter Fraud Arrangements	<p>To carry out an overview of the Council's counter-fraud arrangements</p> <p>Where necessary, investigate any fraud referrals</p>	All Priorities	
Counter Fraud Work of Compliance Officer and Revenues & Benefits Team	<p>To provide an overview of the level of counter-fraud activity and the results achieved. This will include the NFI data matching exercise of 2020/21.</p> <p>This will be reported periodically in the Audit Progress Report and will not be a free-standing audit report.</p>	Being Financially Sustainable	
Contain Outbreak Management Fund (COMF) 2021/22	<p>Confirmation that the conditions attached to the grant have been complied with.</p> <p>*Additional piece of work required, not originally included in 2022/23 audit plan</p>	Being Financially Sustainable	Completed

## Internal Audit Plan 2022/23

## Internal Audit work needed in 2022/23 to provide an annual opinion.

Activity to be audited	Objective of work	Business Plan priority	Status
Test & Trace Support Payments	Confirmation that the conditions attached to the funding have been complied with.  *Additional piece of work required, not originally included in 2022/23 audit plan	Being Financially Sustainable	Completed
Housing Benefit Subsidy	Review benefit cases selected by the external auditor to feed into the external audit grants certification work and report to the Department for Work & Pensions.	Being Financially Sustainable	Completed
Transparency Code	Confirm compliance with the local government transparency code (the minimum data that local authorities should be publishing).	Being Financially Sustainable	Completed
Key Financial Systems	AIM Cash Receipting (critical friend- advice/guidance on controls for new system)	Being financially sustainable	
Key Financial Systems	Council Tax Support Scheme (new scheme to be launched April 2022)	Being Financially Sustainable	To be undertaken in Q4
Key Financial Systems	Debtors (recovery element follow-up)	Being Financially Sustainable	
Key Financial Systems	Housing Benefit overpayments – revisit process for management of overpayments.  *Limited opinion 2021/22 due to recovery side of operation. This area is subject to on-going scrutiny by management.	Being Financially Sustainable	Postponed to 2023/24

## Internal Audit Plan 2022/23

## Internal Audit work needed in 2022/23 to provide an annual opinion.

Activity to be audited	Objective of work	Business Plan priority	Status
Key Financial Systems	Review of process for provision of Payroll instructions to Braintree Council; accuracy of data submission.	Being Financially Sustainable	Testing
Risk Management	To review the existence and effectiveness of contract risk registers.	All Priorities	
Licensing	Service review.	Being Financially Sustainable	Completed
Waste & Street Scene	LATCo – critical friend re. establishment of governance arrangements.	Being Financially Sustainable	
Register of Motions on Notice	Examination of process for dealing with Motions. Identification of what action was taken or is proposed to be taken.	All Priorities	Added to plan
<b>Corporate Risk 14: Failure to ensure the ICT Estate supports achievement of the Business Plan</b>			
Cyber Security	Health check review by third party assurance provider (e.g. Zurich Resilience Solutions) / Non-technical overview to assess actions to raise awareness of risks and preparedness to withstand cyber-attacks of varying natures.	Being Financially Sustainable	
<b>Corporate Risk 15: Failure to ensure compliance with the General Data Protection Regulations (GDPR) and unable to demonstrate consistent application of information standards, controls, and statutory compliance</b>			
GDPR	Overview of adequacy and effectiveness of data breach and data subject requests.	All Priorities	Postponed to 2023/24

## Internal Audit Plan 2022/23

Internal Audit work needed in 2022/23 to provide an annual opinion.

Activity to be audited	Objective of work	Business Plan priority	Status
	*Adequate assurance opinion provided in 2021/22.		
Freedom of Information	Review of arrangements for handling requests.	All Priorities	Completed
<b><i>Other audit activity chargeable to the audit plan</i></b>			
External Quality Assessment (EQA)	External assessment of Internal Audit function's compliance with Public Sector Internal Audit Standards.		
Audit Management	To undertake required management activity including quality assurance and continuous improvement processes. To review and, where necessary, update the Audit Charter and Strategy.		
Audit planning	To develop the 2023/24 audit plan		
Following up recommendations	Where not included in Plan above, we will follow up High and Moderate recommendations to assess whether recommendations have been effectively implemented		
Governance Group	To attend the Governance Group meetings and contribute to the development / improvement of governance processes		
Reporting to Audit Committee	To prepare and present the required reports to Audit Committee throughout 2022/23		
Investigations	To carry out investigations in conjunction with Human Resources as directed by the Leadership Team.		

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)	<p>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 rescoped. <b>Revised implementation date 31/3/22</b></p> <p><b>Update February 2022</b> The CPR and Procurement will be reviewed and partnership working with BBC allows for increased staff resilience and capacity. To have a joined-up approach will enable efficiencies across both Councils. <b>Revised implementation date 31/12/22</b></p>
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	<p>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</p>

## AUDIT COMMITTEE – 16 November 2022

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				considered as part of overall review of Financial Regs during 2019/20.	<p><b>Update February 2022</b> The CPR and Procurement will be reviewed and partnership working with BBC allows for increased staff resilience and capacity. To have a joined-up approach will enable efficiencies across both Councils.</p> <p><b>Revised implementation date 31/12/22</b></p>
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"> <li>- What constitutes a complaint</li> <li>- How to deal with and report incoming complaints to Customer Services</li> <li>- The importance of formally responding, and communicating in a standard format, informing the customer of the escalation process should they remain unsatisfied.</li> <li>- Reporting to Customer Services on lessons learnt and how processes have been improved as a result of a complaint, where appropriate</li> </ul> <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. We are aware that work is progressing. Revised end date 31/01/22.</p> <p>Final changes are in proposed version are being made and revised procedures will be presented to the Leadership Team, at its quarterly business meeting in April, for approval. Revised end date 30/4/22.</p> <p>Procedures are to form part of the Customer Charter review which is likely to be reviewed later in the year in collaboration with Brentwood.</p> <p><b>Revised implementation date 31/12/22</b></p>



## AUDIT COMMITTEE – 16 November 2022

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. This work will be included within the Corporate Communications Strategy that will form part of the Transformation Project. It is likely to be developed as part of joint arrangements with Brentwood. <b>Revised implementation date 31/12/22.</b>
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. This work will be included within the Corporate Communications Strategy that will form part of the Transformation Project. It is likely to be developed as part of joint arrangements with Brentwood. <b>Revised implementation date 31/12/22</b>
12 2021/22	Health & Safety	4	M	The role and roster of trained fire marshals will be re-configured to reflect the current circumstance relating to office occupancy.	Agreed implementation date 30/4/22. Review has taken place. Fire marshals are due to undertake training and notice boards require updating. Revised implementation end date 31/07/22. Training planned for when H&S officer returns from leave. Revised end date 30/09/22.  <b>Implemented</b> <b>DELETE</b>
13 2021/22	Risk Management	1	M	A full restart of active risk registers for contracts will commence with an effective assessment and review process put in place.	Agreed implementation date 31/7/22 The majority of contracts have been assessed. A small number have been deferred or are outstanding. Revised end date 30/09/22.

## AUDIT COMMITTEE – 16 November 2022

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
					The responsible officer has experienced difficulties in receiving a response from officers in relation to the remaining contracts. <b>Revised end date 31/12/22</b>
13 2021/22	Risk Management	2	M	Consideration will be given to seeking appropriate guidance with a view to revise the likelihood / impact matrix structure, to enable a more precise residual risk score.	Agreed implementation date 30/11/22
15 2021/22	Emergency Planning & Business Continuity	1	M	The approach for acquiring sufficient trained volunteers to initiate an emergency response and provide communications support will be reconsidered and implemented	To be a development of procedures as part of joint arrangements with Brentwood. Will be reviewed as part of on-call measures with an expectation this to be addressed by end of October. Agreed implementation date 31/10/22
16 2021/22	Asset Management	1	M	The property inspection regime will be fully reinstated in 2022/23, with detailed recording, and management control checks carried out on a regular basis to confirm completion.	Agreed Implementation Date 31/5/22 Resources continue to be an issue and the recommendation is not expected to be implemented until a valid resource is in place in August. Revised implementation date 30/09/22  <b>Implemented</b>  <b>DELETE</b>
16 2021/22	Asset Management	2	M	A centralised checklist for monitoring contract works on Council premises will be updated by the Officer responsible for the contractor	Agreed Implementation Date 31/5/22 Resources continue to be an issue and the recommendation is not expected to be

## AUDIT COMMITTEE – 16 November 2022

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				<p>instructed to carry out works. Documentation is to be updated and reviewed at regular Team Meetings.</p> <p>All required pre-works documentation and inspection requirements are to be considered, and an effective digital means of filing specifications and outcomes of contract work will be kept updated within the existing property filing system</p>	<p>implemented until a valid resource is in place in August. Revised implementation date 30/09/22.</p> <p><b>Implemented</b></p> <p style="text-align: right;"><b>DELETE</b></p>
1 2022/23	Transparency Code and Freedom of Information	1	M	The Councils Publication Scheme should be reviewed and updated to ensure items included within the guide are relevant, and that new information has been added.	Agreed implementation date 31/12/22
1 2022/23	Transparency Code and Freedom of Information	2	L	The web pages relating to Freedom of Information and Environmental Information Requests (for both chargeable and standard requests) should be reviewed and updated, to include the following for consideration:	Agreed implementation date 31/10/22

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Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				<ul style="list-style-type: none"> <li>• An updated Compliance Report in the related content on the FOI Web Page</li> <li>• Provide links in Related Content to and from the FOI and EIR web pages</li> <li>• Make clearer that the 'Request for Environmental Information' Form in the related content of the EIR and 'Buying and Selling a Property' web pages is for chargeable requests only.</li> <li>• Provide a link from the EIR web page to the 'How Requests will be Dealt with' web page, given this provides further information on EIR Requests and exemptions.</li> <li>• It could also be made clearer that the internal review process for standard EIR's is the same as that for an FOI.</li> </ul>	
1 2022/23	Transparency Code and Freedom of Information	3	M	Training relating to Freedom of Information and Environmental Information Regulation Requests, and how the Council deals with such requests should be provided to all	Agreed implementation date 31/12/22

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Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				staff. This could be in the form of e-learning.	
1 2022/23	Transparency Code and Freedom of Information	4	L	<p>The details relating to Freedom of Information on the Information Asset Register should be reviewed and updated to reflect current practices, particularly in relation to non-digital data and retention of information.</p> <p>FOI requests held by the Council that exceed 5 years, if any, should be deleted, in line with the Retentions and Record Management Policy.</p>	<p>Agreed implementation date 15/09/22</p> <p><b>Implemented</b></p> <p><b>DELETE</b></p>
2 2022/23	Licensing	1	L	<p>A review of the Councils Licensing Web Pages will be undertaken to ensure all relevant policies and related content is up to date. For example:</p> <ul style="list-style-type: none"> <li>- The Statement of Licensing Policy for Gambling and associated appendices for the period 2022-25 will be published on the website.</li> </ul>	Agreed implementation date 31/10/22

## AUDIT COMMITTEE – 16 November 2022

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				<ul style="list-style-type: none"> <li>- The appendices to the Statement of Licensing Policy will be updated on the website to reflect 2021-26 period.</li> <li>- The Street Trading Policy 2022-27 could be included as a link on the Street Trading web page.</li> <li>- The Hackney Carriage and Private Hire Licensing Policy for 2022-27 could be included in related content on the Taxi and PHV web page.</li> <li>- Remove the Licenced Scrap Dealers document and replace with updated version (if still deemed applicable). Some of the companies no longer hold a licence</li> </ul>	
2 2022/23	Licensing	2	M	An administrative review of the Taxi Diamond system will be carried out to ensure that expired dates relating to MOT and car insurance are updated in line with valid certificates. Should there be any cases where MOT and insurance certificates have actually expired, the licence will be suspended.	Agreed implementation date 21/11/22

**AUDIT COMMITTEE – 16 November 2022**

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
2 2022/23	Licensing	3	M	A privacy notice for the Licensing Service should be published on the Councils website.	Immediate Implementation <b>DELETE</b>





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



RECOMMENDATION CATEGORIES		
<b>C</b>	<b>CRITICAL</b>	<p>The identified control weakness could lead to a <b>critical impact</b> on the activity’s ability to manage the risks to achieving its key objectives. The control weakness means the associated risk <b>highly likely</b> to occur or have occurred.</p> <p>There are <b>no compensating controls</b> to possibly mitigate the level of risk.</p>
<b>S</b>	<b>SIGNIFICANT</b>	<p>The identified control weakness could have a <b>significant impact</b> on the activity’s ability to manage the risks to achieve its key objectives. The control weakness means the associated risk is <b>likely to occur</b> or have occurred.</p> <p>There are <b>few effective compensating controls</b>. 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>
<b>M</b>	<b>MODERATE</b>	<p>The identified control weakness could have a <b>moderate impact</b> on the activity’s ability to manage the risk to achieving its key objectives. The control weakness <b>does not undermine the activity’s overall ability</b> 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>
<b>L</b>	<b>LOW</b>	<p>The identified control weakness is <b>not significant</b>, and recommendations are made in general to improve current arrangements.</p> <p>Note – these recommendations will not be followed up.</p>



## 1 DELIVERY OF THE ANNUAL AUDIT PLAN 2022/23

- 1.1 A table detailing the audit engagements completed to date is provided for at **Appendix 1**.
- 1.2 Since the meeting of the 28<sup>th</sup> September 2022 a further two audit engagements from the 2022/23 Annual Audit Plan have been completed. Licensing was rated as “Adequate” while no assessment is provided in respect of Housing Benefit Subsidy, as this relates to grant work undertaken on behalf of BDO the appointed External Auditor for this claim.
- 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 6**. This appendix should be read in conjunction with **Appendix 7** setting out the recommendation categories.

### Changes to the plan

- 1.4 At the September meeting a number of possible scenarios were put forward based on whether the vacant posts could be recruited to or not. Unfortunately, we are still in the position of being unable to recruit to the vacant posts. Rather than look to reduce the respective audit plans for Basildon and Rochford any further, we have been able to secure the services of the third-party provider (Elucidate) to enable delivery of the revised audit plans. A copy of the revised plan for RDC is provided at **Appendix 4**.
- 1.5 Further we will look to explore options for the recruitment and development of trainee auditors, whilst retaining the services of the aforementioned company to support the delivery of future audit plans.

## 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 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.

## 3 MONITORING OF INTERNAL AUDIT RECOMMENDATIONS

- 3.1 Recommendations arising from completed audit engagements are shown in **Appendix 5**.

This includes the current status of all recommendations that were live as at the date of the prior Audit Committee in September 2022 and all recommendations raised since that date. There are **13** live recommendations.

3.2 A total of **3** new recommendations have been raised since the last Audit Committee.