

## For publication

### Summary of Internal Audit Reports Issued 2017/18

#### For publication

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Meeting:	Standards and Audit Committee
Date:	20th September 2017
Cabinet portfolio:	Governance
Report by:	Internal Audit Consortium Manager

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#### **f report**

- 1.1 To present for members' information a summary of Internal Audit Reports issued during the period 6th May 2017 – 25th August 2017 in respect of reports issued relating to the 2017/18 internal audit plan.

#### **2.0 Recommendations**

- 2.1 That the report be noted.

#### **3.0 Report details**

- 3.1 The Public Sector Internal Audit Standards require that the Internal Audit Consortium Manager reports periodically to the Standards and Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.
- 3.2 Attached, as Appendix A, is a summary of reports issued covering the period 6th May 2017 to 25th August 2017, for audits included in the 2017/18 internal audit plan.
- 3.3 As requested previously, Members have been provided with copies of reports that have been issued with a limited or inadequate audit opinion. This period, 3 limited assurance internal audit reports have been issued - Choice Based Lettings, Safeguarding and Housing - variations. A summary of the key issues for each of these reports is detailed in Appendix B along with an update of progress made to date.

- 3.4 Appendix A shows for each report a summary of the scope and objectives of the audit, the overall conclusion of the audit and the number of recommendations made / agreed where a full response has been received.
- 3.5 The conclusion column of Appendix A gives an overall assessment of the assurance that can be given in terms of the controls in place and the system's ability to meet its objectives and manage risk in line with the definitions below.

<b>Assurance Level</b>	<b>Definition</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

- 3.6 In respect of the audits being reported, it is confirmed that there were no issues arising relating to fraud that need to be brought to the Committees attention.
- 3.7 The production of this report ensures that Members charged with governance are aware of any internal control weaknesses or fraud identified by internal audit.

#### **4 Alternative options and reasons for rejection**

- 4.1 The report is for information.

## 5 Recommendations

5.1 That the report be noted.

## 6 Reasons for recommendations

6.1 To inform Members of the internal audit reports issued in order that the strength of the internal controls in place can be assessed.

### **Decision information**

<b>Key decision number</b>	N/A
<b>Wards affected</b>	All
<b>Links to Council Plan priorities</b>	This report links to the Council's priority to provide value for money services.

### **Document information**

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**Background documents**

These are unpublished works which have been relied on to a material extent when the report was prepared.

**Appendices to the report**

Appendix A	Summary of Internal Audit Reports Issued
Appendix B	Summary of the key issues in relation to reports given a "limited assurance" opinion including progress update from managers.

**Chesterfield Borough Council – Internal Audit Consortium**

**Report to Standards and Audit Committee**

**Summary of Internal Audit Reports Issued 2017/18– Period 6th May 2017 – 25th August 2017**

Report Ref No.	Report Title	Scope & Objectives	Overall Opinion	Date		Response Received	Number of Recommendations	
				Report Issued	Response Due		Made	Accepted
1	Choice Based Lettings	To ensure that the Council's policy is implemented and that void time is kept to a minimum	Limited Assurance	12/05/17	1/6/17	26/5/17	9 (5H, 2M, 2L)	9
2	Variations – housing repairs responsive	To ensure that variations are necessary, appropriately authorised and monitored	Limited Assurance	16/5/17	6/6/17	5/7/17	5 (2H, 2M, 2L)	5
3	Expenses and Mileage	To ensure that expenses are genuine, paid accurately and promptly	Reasonable Assurance	17/5/17	8/6/17	26/6/17	4 (2M 2L)	4
4	Expenses and Mileage (VAT)	To ensure that VAT is accounted for correctly and accurately	Reasonable Assurance	17/5/17	8/6/17	4/7/17	1M	1

Report Ref No.	Report Title	Scope & Objectives	Overall Opinion	Date		Response Received	Number of Recommendations	
				Report Issued	Response Due		Made	Accepted
5	Safeguarding	To ensure that all staff and Members are aware of their responsibilities in relation to safeguarding	Limited Assurance	24/5/17	15/6/17	15/6/17	6 (2H, 2M, 2L)	6
6	Venues	To ensure that fees and charges are levied as agreed and collected and banked promptly and accurately	Substantial Assurance	29/6/17	20/7/17	30/6/17	2L	2
7	Council Tax	To ensure that council tax bills are raised promptly and accurately and that income is collected efficiently	Reasonable Assurance	21/7/17	11/8/17	14/8/17	3(2M 1L)	3
8	Crematorium Income	To ensure that all fees and charges are correctly applied, collected and banked	Reasonable Assurance	7/8/17	29/8/17		2M	Note 1
9	Sale of Land and Property	To ensure that there is a transparent system in place for the sale of land and property that supports the Council's objectives	Reasonable Assurance	16/8/17	8/9/17		6 (2H 3M 1L)	Note 1

Report Ref No.	Report Title	Scope & Objectives	Overall Opinion	Date		Response Received	Number of Recommendations	
				Report Issued	Response Due		Made	Accepted
10	Members Expenses and Allowances	To ensure that all expenses and Allowances are paid in line with the scheme promptly and accurately	Reasonable Assurance	16/8/17	8/9/17	6/9/17	5 (3M 2L)	5

Note 1 The response was not due at the time of writing the report

## Summary of the key issues in relation to Limited Assurance reports

### 1) Safeguarding – main points arising

- Not all staff have yet received an appropriate level of training
- There are issues and actions already identified on the S11 audit toolkit that require addressing (the Policy and Communications Officer has already identified action by dates) e.g. updating the employee code of conduct
- Procurement documentation. (e.g. strategy, contract documentation) does not currently have adequate reference to “safeguarding” and its requirements
- Safeguarding needs to be further embedded within the council.

### **Internal Audit: Safeguarding progress at 06.09.17 (Update Provided by Manager)**

Significant progress has been made on several of the Internal Audit recommendations. A summary of this activity is available below.

**R2** It is essential that training is adequately monitored to ensure all appropriate employees undertake necessary training within the given timescales (i.e. Information Security Training, Safeguard Training)

- Aspire learning has been successfully launched for employees and elected members
- Mandatory modules include information security training and two safeguarding modules (one for adult safeguarding and one for children)
- Monthly monitoring of progress takes place
- Additional training is available to relevant employees via Safer Derbyshire, Derbyshire Adult Safeguarding Board and Derbyshire Children’s Safeguarding Board. This is monitored by the annual performance development review meetings with all staff

**R3** It is essential that the issues identified within the S11 self-assessment are addressed within the timescales indicated by the Policy and Communications Manager



Significant progress has been made on the safeguarding action plan following the self-assessment. A third of the actions have been completed and all other actions are on track for completion during 2017/18.

**R4** The Safeguarding Lead Officer should liaise with relevant parties to :-

- ensure that the procurement strategy being prepared incorporates adequate reference to 'safeguarding'
- ensure that on conclusion of the legal review of CBC contract documentation, any revisions (in particular reference to safeguarding) is disseminated to all relevant parties.
- provide a procedure that where contract documentation is not in place, contractors are aware and accept responsibilities in relation to safeguarding

Some progress has been made on this issue including a review and update of tender documents and contract documentation to ensure that safeguarding responsibilities are clear and in line with our policies.

**R5** It would be prudent to review the hire terms and conditions with the objective of ensuring the adequacy of the safeguarding clauses and ensuring consistency across services

Hire terms and conditions have been reviewed across service areas. This has improved consistency across services and ensures that safeguarding responsibilities of hirers are clear.

**R6** Safeguarding needs to be further embedded within the Authority to ensure all employees are aware of the procedure to follow should safeguarding issues arise

The action within the self –assessment action plan referenced at R3 have been designed to improve safeguarding awareness and responsibility across the authority. Key actions include:

- Assigned a senior board level lead to take leadership responsibility for the organisation's safeguarding arrangements
- Assigned a senior manager as the designated lead officer for safeguarding. This Officer champions and co-ordinates the Council's safeguarding activities
- Safeguarding leads have been identified for all service areas and relevant training has taken place

- All Derbyshire districts have agreed to launch a districts safeguarding group with support from DCC to ensure all district views are represented at the safeguarding boards, key messages are cascaded and that peer to peer support is available
- CBC (and service delivery partners Arvato and Kier) Safeguarding Group established
- Aspire (the Council's Intranet) is also used to disseminate key information and updates
- There have been a number of core briefs to all CBC and delivery partner managers during 2016/17 and 2017/18 on key safeguarding issues. There have also been updates at the regular service manager seminars
- A new key information poster has been developed, regularly updated and displayed in all CBC staffing areas.
- Our Policy and Procedures are being regularly reviewed with the next review scheduled for early 2018.
- The Council's whistleblowing policy and procedure has been updated to reflect safeguarding requirements.
- Guidance issued via Aspire is to assess whether or not criminal record checks are necessary. This includes access to the Disclosure and Barring Service tool to help employers identify which posts are eligible for an enhanced criminal records check
- Recruitment policy includes best practice for safe recruitment including face to face interviews, verification of identity and qualifications and references obtained
- Compliance with the policy and procedure is discussed at CBC safeguarding meetings and there is evidence which demonstrates appropriate use of information sharing and referral mechanisms

## **2) Choice Based Lettings – main points arising**

- Out of date procedural notes, flowcharts, letter templates etc.
- Not always evidence that an annual review has taken place
- Not always photo ID of applicant – risk of identity fraud
- No system of quality control checks on completed applications
- Some instances of lengthy void days – delays between handing in of keys and any subsequent action taking place – potential loss of rent
- The current system (Abritas) is not data protection compliant
- Potential that paper application forms are being retained longer than necessary
- Only 2/6 previous audit recommendations fully implemented

### **Internal Audit: Choice Based Lettings progress at 06.09.17 (Update Provided by Manager)**

In addition to the comments, submitted on the implementation schedule on the 26<sup>th</sup> May, 4 of the 9 (No's 2,3,6,and 7) recommendations have already been

implemented, these include the 2 recommendations (No's 3 and 7) outstanding from the previous audit.

Work is well underway in respect of recommendation 1 and 8. Both of these recommendations were welcomed as part of the audit, as they were issues already identified by the new Housing Management Team. A budget has been approved by Cabinet for the replacement of the current abritas system and both this system and an alternative have been reviewed and trialled. A PMO 0 request has been made for the implementation of the new CBL system (which will include Homelessness IT provision) and the resulting revised policies and procedures. It is envisaged that the new system / policies will be implemented between April and October 2018.

Work is also well underway in respect of recommendations 4 and 5, which relate to the management and turnaround of empty properties. A steering group of tenants, elected members and officers have been reviewing these processes in addition to standards and marketing and a number of recommendations have been agreed and are being implemented. Changes in practice between Housing Options and OSD have been put in place and we are already seeing an improvement in communication, standards and turnaround. A local lettings policy has been introduced in August 2017 with regard to 1 and 2 bed flats but it is too early to see if this policy has yet made an impact on turnaround. Changes are being put in respect of marketing, which includes using Rightmove for difficult to let properties commencing in September/October. This is in addition to decorating and carpeting difficult to let flats.

### **3) Housing Repairs – Variation Orders**

#### **N.B this audit was requested by the Commercial Services Manager**

- High level of variation orders (February 2017 - 49.67% of works undertaken had a variation order). Operatives are paid bonus on the extra jobs undertaken so open to abuse
- No specific authorisation for variation orders
- Jobs on an operative's timesheet could not always be traced to COINS/Northgate, this means that the operative gets paid but the DLO won't receive the income.
- Possibility that unnecessary work is being undertaken e.g. an example of a new kitchen being fitted in 2014 but in 2017 new counters, drawer fronts and sink with no recharge being made to the tenant

- No photos of properties prior to work taking place to evidence that it was all necessary e.g. replacement of internal doors
- Material used were not always recorded on COINS
- Completed jobs visited by audit where it appeared that work had been over claimed for

**An Officer from Housing is to attend the committee to provide an update**