Appendix A – Progress Report - Internal Audit Work

1.   Audit Progress

1.1   The Annual Audit Plan was presented to the Audit Committee in February 2021. The plan was developed using a thematic approach, in line with the Corporate Plan priorities for 2021/22, with time allocated under each theme to carry out risk identification and process mapping, where required. Members are reminded that the 2021/22 audit plan was presented as a flexible plan, subject to review through the year to ensure that emerging risks are covered.   Adjustments to the plan are made to allow for changes in the risk and operational environment in which the Council operates. Where changes are made they are outlined in Appendix D.

1.2   Current, cumulative progress toward delivery of the 2021/22 audit plan, as at the end of June 2021, is summarised in the table below, with further detail provided in Appendix D. It should be noted that some of the work undertaken by internal audit does not result in an opinion being provided, such as advisory reviews and grant claims.

Audit Plan Status	Number of Audits / Tasks
Final reports issued / Reviews Completed	6
Draft reports issued	3
Underway	6

2.   Risk Based Systems and School Audits

2.1   The table below details the results of the work undertaken during quarter one.

Report	Assurance	Recommendations			
		High	Med	Advisory	Total
System Audits					
HMO Enforcement	Reasonable	0	0	0	0
Supporting Families – Phase one	N/A	N/A	N/A	N/A	N/A
School Audits					
Rainham Village Primary FINAL	Reasonable	0	7	4	11
The Towers Federation DRAFT	Reasonable	0	4	4	8
Harold Wood Primary DRAFT	Reasonable	0	3	8	11
Crownfield Juniors	Reasonable	0	6	5	11
	Total	**0**	**20**	**21**	**41**

Key to Assurance Levels	
Reasonable Assurance	The control framework is adequate to manage the risks in the areas reviewed. Controls are applied consistently or with minor lapses that do not result in significant risks to the achievement of system objectives.
Limited Assurance	There are fundamental weaknesses in the internal control environment within the areas reviewed, and further action is required to manage risks to an acceptable level.

3. **Audit Recommendations Update and status of High Risk Recommendations**

4.1 Internal Audit follows up all high and medium risk audit recommendations with relevant service management when the deadlines for implementation are due. There is a rolling programme of follow up work, with each auditor taking responsibility for tracking the implementation of recommendations made in their audit reports. The implementation of audit recommendations, in systems where limited assurance was provided, is verified through a follow up audit review.

4.2 This work is of high importance given that the Council's risk exposure remains unchanged if management fail to implement the recommendations raised in respect of areas of control weakness. Part of the Audit Committee's role is to monitor the extent to which recommendations are implemented as agreed and within a reasonable timescale, with particular focus applied to any high risk recommendations.

4.3 Recommendations are classified into three potential categories according to the significance of the risk arising from the control weakness identified. The three categories comprise:

High	Fundamental control requirement needing implementation as soon as possible.
Medium	Important control that should be implemented.
Advisories	Pertaining to best practice.

4.4 All high risk recommendations due as at the end of June 2021 have been confirmed as implemented. One recommendation has been given an extended deadline for completion due to the need for reports and exception reports under development within the new Fusion financial system. Appendix B provides details of the open high risk recommendations that were due to be implemented by the end of June 2021, along with a status update. There were no high risk recommendations raised during quarter one of 2021/22.

4.5 All medium risk recommendations that became due before the end of June 2021 have been confirmed as implemented.

Appendix B: Status of High Risk Recommendations

There is one high risk recommendation that remains outstanding – this is being addressed through the payroll audit that is currently underway.

High Risk Recommendations	Status
Payroll	
Exception reports highlighting information that might indicate unusual activity (e.g. high overtime earners / additional payments) should be produced and distributed to support and enable managers to undertaken their duties.	Revised implementation date of July 2021 due to the ongoing development of reports and exception reports in Fusion. (original date September 2020)

Appendix C

1. Counter Fraud Work – 01/04/2021 to 30/06/21

1.1.1 The Counter Fraud Service recently undertook a recruitment drive and now have three permanent positions filled; previously there were two posts covered by agency members of staff.

1.1.2 The structure for the Counter Fraud Service is now:
- One Counter Fraud Manager
- Two Fraud Investigators (one permanent and one year fixed term contract)
- One Data Analyst / Intelligence Officer

1.2 Reactive Investigation Cases

1.2.1 Three referrals were brought forward from the previous period:
- For two referrals briefing notes with recommendations issued to Service Director to address; and
- For one referral a briefing note was issued to the Chief Executive.

1.2.2 During the period 1st April to 30th June 2021 seven whistleblowing referrals were received. One case has been investigated by the Service and concerns addressed and one case has been investigated and findings / recommendations issued to the Service Director to address. Five referrals are currently being investigated.

1.3 Housing Cases

1.3.1 Due to lockdown restrictions, Housing Tenancy related counted fraud work has been limited to desk based intelligence checks and investigations. As restrictions have eased, visits to Council properties that have been identified as higher risk of fraud have recommenced (following all Covid-19 social distancing measures).

1.3.2 The following table illustrates the work undertaken in relation to housing fraud and right to buy (RTB) applications to date:

Description	2020/21	2021/22 (to date)
Number of referrals	57	9
Properties recovered	2	1
Notional Saving	£36,000	£18,000
RTB checked	178	43
RTB stopped	4	2
Notional Saving	£449,200	£224,600
Total Notional Saving	**£485,200**	**£242,600**

Appendix D: Current status of 2021/22 Audit Plan

Audit Title	Status as at end Q1	Opinion	Reason for delay (where applicable)
LBH Systems Audits			
HMO Enforcement	Completed	Reasonable	
Supporting Families – Phase one	Completed	N/A	
Housing Voids	Draft Report		Management responses to draft report at project board.
Reablement	Draft Report		Further input sought from legal and procurement.
Project Management	Draft Report		
Social Care Transitions	Underway		Moved due to demands on resources.
Business Continuity & Emergency Planning	Underway		Continuing CV19 response.
Payroll (compliance work)	Underway		
Public Protection – Risk Mapping	Underway		
Post Implementation Review of Liquid Logic	Q2		
Youth Justice Service	Q2		
Housing - Property buy-back	Q2		
Housing - Service Charges	Q2		
Safeguarding Adults	Q2 (TBC)		
Parking	Q2/3		
Procurement	Q3		
Contract Management	Q3		
Direct Payments	Q3		
Continuing Healthcare	Q3		
SEND	Q3/4		
Highways Services	Q4		
Planning	Q4		
Housing – Compliance work	Q4		
Compliance – Key Financial Audits	Rolling programme of work throughout 2021/22		
ICT	TBC		
Joint Counter-Fraud work	Ongoing as demand arises		

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LBH Schools			
Rainham Village Primary	Completed	Moderate	
The Towers Federation	Completed	Moderate	
Harold Wood Primary	Completed	Moderate	
Crownfield Juniors	Completed	Moderate	
Squirrels Heath Infants	Underway		
St Edwards CofE Primary	Underway		
Ardleigh Green Federation			
Brady Primary			
Branfil Primary			
Crowlands Primary			
Crownfield Infants			
Engayne Primary			
Gidea Park Primary			
Hylands Primary	To be scheduled in for Q3 and Q4.		
Nelmes Primary			
Parsonage Farm Primary			
Scotts Primary			
St Alban's Catholic Primary			
St Patrick's Catholic Primary			
St Ursula's Catholic Primary			
The James Oglethorpe Primary			
The RJ Mitchell Primary			
Health Checks (9)	1 completed	5 underway	