

Audit and Performance Committee Report

Date:	17 February 2021
Classification:	General Release
Title:	Internal Audit Progress Report (November 2020 to January 2021)
Wards Affected:	All
City for All Summary	Internal audit provides assurance to the Council that it has robust systems and controls in place to meet its priorities.
Financial Summary:	There are no financial implications arising from this report
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1. Executive Summary

- 1.1 Although the Covid-19 pandemic delayed the start of the 2020/21 Internal Audit work, good progress is now being made in undertaking the audits contained in the revised Audit Plan and five audits have been finalised and six draft reports issued since the last report to the Committee. No overall opinion is given at this time on the adequacy and effectiveness of the Council's governance, risk management and controls.

2. Recommendation

That the Committee consider and comment on the results of the internal audit work carried out during the period.

3. Reasons for Decision

The work undertaken by the Internal Audit Service is reported to the Committee during the financial year to enable the Committee to consider the progress made against the Internal Audit Plan and the outcomes of the completed audits which

are considered as part of the Annual Assurance Opinion provided by the Shared Services Director for Audit, Fraud, Risk and Insurance.

4. Background, including Policy Context

4.1 The Council's internal audit service is managed by the Shared Services Director for Audit, Fraud, Risk and Insurance. Audits are undertaken by the in-house audit team or by the external contractor to the service, in accordance with the Internal Audit Charter. Key issues identified from audit work are reported each month to the Council's Deputy Section 151 Officer. The Audit & Performance Committee are provided with updates at each meeting on all assurance audits issued in the period.

Internal Audit Outcomes (November 2020 to January 2021)

4.2 The revised Audit Plan for 2020/21 was reviewed by the Committee in September 2020. Where significant changes in the coverage of the plan occur, these will be reported to the Committee and a full record of the changes during the year is also reported within the Head of Internal Audit's Annual report.

4.3 Since the last report to the Committee five audits have been completed, none of which identified any key areas of concern:

Audit	Assurance	RAG
GPH – Emergency Planning	Satisfactory	Green
GPH – Procurement of Temporary Accommodation	Satisfactory	Green
School – Soho Parish	Satisfactory	Green
School – St Stephen's	Satisfactory	Green
School – Edward Wilson	Satisfactory	Green

Further information on these audits is contained in Appendix 1.

In addition, two advisory report have been issued in the following areas:

- Adult Social Care – Deprivation of Liberty Safeguards;
- Finance & Resources – Review of Income Compensation Claim.

Recommendations arising from advisory reports are followed up and the implementation of these recommendations will be reported in summary to the Committee.

4.4 Six audits have been issued as draft reports and are due to be finalised and the majority of the remaining audit work is now in progress or due to commence shortly.

4.5 As reported to the last meeting of the Committee, the Covid-19 pandemic delayed the start of our work in 2020/21 and no overall assurance opinion can be given at this stage, although the S151 Officer and the Committee can be assured that sufficient internal audit work is in progress to ensure an appropriate assurance opinion can be provided by the end of the financial year.

Appendix 2 shows the status of the audits contained in the Audit Plan.

- 4.6 In addition, the Director of Audit, Fraud, Risk and Insurance and his team are involved in supporting a number of elements of the Council's ongoing Covid response which will help to obtain assurances to feed into the annual opinion.

Follow up

- 4.7 Two follow-up reviews were undertaken in the period (November 2020 to January 2022) which confirmed that 100% of recommendations made had been fully implemented:

Audit	No of Recs Made			No of Recs Implemented			No of Recs in Progress			No of Recs not yet actioned		
Day Centre (Lisson Grove)	4			4			0			0		
Emergency Duty Team	3			3			0			0		
Total	7			7			0			0		
Priority of recommendations	H	M	L	H	M	L	H	M	L	H	M	L
	1	1	5	1	1	5	0	0	0	0	0	0

- 4.8 Follow up work is undertaken when the majority of the recommendations made are expected to have been implemented as indicated in an agreed management action plan. Sometimes recommendations cannot be fully implemented in the anticipated timescales. In these cases, where appropriate progress is being made to implement the recommendations, these are identified as "in progress". Recommendations will be followed up until all high and medium priority recommendations are implemented or good progress in implementing them can be demonstrated. Where appropriate, the follow up is included in the next full audit of the area

5. Financial Implications

There are no financial implications from this report.

6. Legal Implications

There are no legal implications from this report.

7. Staffing Implications

There are no staffing implications from this report.

8. Consultation

The Internal Audit Plan and the work undertaken by the Internal Audit Service is prepared in consultation with the Council's Executive Leadership Team and officers within the Council and supports the Executive Director's responsibility under S151 of the Local Government Act 1972 relating to the proper administration of the Council's financial affairs.

If you have any queries about this Report or wish to inspect any of the Background Papers - please contact:

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BACKGROUND PAPERS:

Internal Audit Reports

Audits Completed November 2020 to January 2021

GPH – Housing Emergency Planning (Satisfactory)

The transfer of City West Homes (CWH) back to Council control in April 2019 necessitated a review of the Housing Department's Emergency Planning (EP) process and how it feeds into the wider Growth, Planning and Housing EP and the Council's overall strategy for dealing with emergencies. CWH's previous EP process concentrated on a Housing Estate based scenario where the EP required officers to concentrate resources to restore services on a Housing Estate rather than across the Housing Department.

This audit was commenced prior to the Covid-19 pandemic and the final fieldwork and reporting was delayed due to the need to prioritise the service response to the pandemic. Whilst the audit recommendations do not specifically reference the pandemic, the agreed management actions should be considered taking into account how the pandemic has or could impact on the emergency planning process

The review confirmed that the controls over the Estate EP were operating to an acceptable level. However, some processes that contribute to an effective EP could be improved, in particular, risk assessments and the simplification of instructions and procedures. In addition, the staff across are very experienced in Housing Management and possess a good knowledge of working across the estates and with the residents. However, the knowledge and experience needed to be supported by a strong training regime to ensure consistency should an emergency be declared.

Two high, two medium and four low priority recommendations were made which have been accepted and are due to be implemented by June 2021.

GPH – Procurement of Temporary Accommodation (Satisfactory)

In 2013 Cabinet reviewed and approved the Council's Temporary Accommodation Procurement Strategy which outlined the challenges the Council faced due to significant increases in demand for temporary accommodation over recent years along with the corresponding budget pressures this demand had placed upon the Council. The Strategy explained that: traditional models of temporary accommodation procurement and types of supply were no longer adequate

A comprehensive review of the Council's strategy regarding all placements of homeless households and the procurement of temporary accommodation was undertaken in 2016 and in 2017 the Accommodation Procurement Policy for homeless households was approved and replaced the Temporary Accommodation Procurement Strategy.

Since the original Strategy was approved over 250 properties have been purchased for use as temporary accommodation at a cost of over £88M. This expenditure figure includes the property purchase price, stamp duty, legal fees, RMG purchase fees for out-of-borough properties, Asset Team fees for in-borough properties, costs relating to the repairs/refurbishment undertaken immediately post purchase to bring the property to a lettable standard, and furniture. Properties which are located in-borough are funded through the Affordable Homes Fund; out-of-borough properties are funded through the General Fund and external borrowing.

The audit confirmed that the procurement of properties to be used as temporary accommodation is undertaken in line with the Council's temporary accommodation strategy and policies.

One medium priority recommendation was made in respect of the need for a proper, structured and appropriately restricted solution for the storage of documentation relating to the properties purchased for use as temporary accommodation. This recommendation is being addressed by the service with a solution expected before the end of the financial year.

Schools (Satisfactory)

Audits of the Council's schools are carried out using an established probity audit programme, usually on a three-year cycle unless issues dictate a more frequent review. The programme is designed to audit the main areas of governance and financial control and has been fully reviewed to facilitate effective remote auditing. The programme's standards are based on legislation, the Scheme for Financing Schools and accepted best practice and the purpose of the audit is to help schools establish and maintain robust financial systems.

In the reporting period, three final reports have been issued in respect of the following schools:

- Soho Parish
- St Stephen's
- Edward Wilson

No significant issues were identified from these audits and any recommendations made will be followed up later in the year.

Audit Plan 2020-21 – Status Report to end October 2020

Completed Audits:

Plan Area	Auditable Area	Issued	Assurance level given	No of High Priority Recs	No of Med. Priority Recs	No of Low Priority Recs	Reported to Committee
ASC/ Finance	Direct Payments	Oct-2020	Limited	3	5	5	Dec 2020
	Deprivation of Liberty Safeguards	Nov-2020	Advisory	2	7	0	n/a
Schools	Soho Parish	Nov-2020	Satisfactory	0	3	4	Feb 2021
	St Stephen's	Dec-2020	Satisfactory	0	2	4	Feb 2021
	Edward Wilson	Jan-2021	Satisfactory	0	1	2	Feb 2021
Finance & Resources	Contract Expenditure Controls	Aug-2020	Advisory	0	5	0	n/a
	Income Compensation Claim	Dec-2020	Advisory	0	0	2	n/a
GPH	Housing Emergency Planning	Nov-2020	Satisfactory	2	2	4	Feb 2021
	Procurement of Temporary Accommodation cfwd 2019/20	Jan-2021	Satisfactory	0	1	0	Feb 2021

Audit Plan 2020-21 – Status Report to end October 2020

Status of Remaining Audits:

Plan Area	Draft Reports	In Progress	Being Scoped	Booked for Q4	To Be Confirmed	Defer/ Cancelled
Cross Cutting		<ul style="list-style-type: none"> ○ GDPR (information assets) – Advisory ○ Procurement & Pre-paid Cards ○ Finance/ HR/ Payroll Compliance ○ Digital Accessibility ○ Gifts & Hospitality (Ongoing) 			<ul style="list-style-type: none"> ○ Risk Management ○ Contract Management ○ Procurement 	<ul style="list-style-type: none"> ○ Business Continuity Compliance (2021)
Adult Social Care	<ul style="list-style-type: none"> ○ Financial Assessments cfwd 2019/20 	<ul style="list-style-type: none"> ○ Test & Trace & Community Testing Grants (ongoing) ○ Mosaic Financial Controls 				<ul style="list-style-type: none"> ○ Placements (2021)
Children's Services		<ul style="list-style-type: none"> ○ Supporting People (Ongoing) 			<ul style="list-style-type: none"> ○ External Placements 	<ul style="list-style-type: none"> ○ Replacement case management system (2021) ○ Registrar Service ○ Libraries
Schools	<ul style="list-style-type: none"> ○ College Park ○ QEII Special 	<ul style="list-style-type: none"> ○ St Saviour's ○ Thematic Reviews 		<ul style="list-style-type: none"> ○ St Peter's Eaton Sq ○ Robinsfield 		
Finance & Resources	<ul style="list-style-type: none"> ○ Commercial Property Income cfwd 2019/20 ○ Westminster Community Homes Governance cfwd 2019/20 	<ul style="list-style-type: none"> ○ Treasury Management ○ Council Tax ○ Housing Benefit ○ IT Asset Management 	<ul style="list-style-type: none"> ○ IT Supplier Chain Management (Cyber) 	<ul style="list-style-type: none"> ○ Income Compensation Scheme (final claim) 	<ul style="list-style-type: none"> ○ Corporate Landlord Model ○ Property – Various to be considered ○ Legal Services Off Panel Spend 	<ul style="list-style-type: none"> ○ NNDR ○ IT Projects & Programmes ○ Procurement

Audit Plan 2020-21 – Status Report to end October 2020

Plan Area	Draft Reports	In Progress	Being Scoped	Booked for Q4	To Be Confirmed	Defer/ Cancelled
People Services		<ul style="list-style-type: none"> ○ Learning Management System 				
Growth, Planning & Housing	<ul style="list-style-type: none"> ○ Resident Managed Halls (LALGRA) cfwd 2019/20 	<ul style="list-style-type: none"> ○ H&S Asbestos Compliance ○ Management of Halls ○ Building Control Income cfwd 2019/20 ○ Capital Programme (advisory) ○ BACS Interfaces ○ S106 Working & Skills Undertakings 	<ul style="list-style-type: none"> ○ Lessee Charges ○ H&S Gas Safety Compliance 			
Environment & City Management		<ul style="list-style-type: none"> ○ Electric Vehicle Grant Claims (ongoing) ○ Trading Standards ○ Food Safety ○ Corporate Health & Safety (Covid impact) 			<ul style="list-style-type: none"> ○ Leisure Services 	<ul style="list-style-type: none"> ○ Public Realm external funding