

Audit and Performance Committee Report

Date:	29 September 2021
Classification:	General Release
Title:	Internal Audit Progress Report (April to August 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
Report of:	Gerald Almeroth, Executive Director of Finance and Resources
Report author:	Moira Mackie, Head of Internal Audit Contact Details: Moira.Mackie@rbkc.gov.uk . Tel: 07800 513 192

1. Executive Summary

- 1.1 This report summarises the work of Internal Audit in the period April to August 2021. Good progress has been made in completing the audit work that started late in the last financial year due to the Covid-19 pandemic. In addition, audits in a number of different areas of the 2021/22 plan have commenced. Although no overall opinion is given at this time on the adequacy and effectiveness of the Council's governance, risk management and controls, the Committee can be assured that sufficient internal audit work is planned to ensure an appropriate assurance opinion can be provided by the end of the financial year.
- 1.2 **Appendix 1** shows the finalised audits as at the end of August 2021 and the status of the remaining planned audits.
- 1.3 **Appendix 2** contains a summary of the audits finalised in the reporting period.

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 Committee are provided with updates at each meeting on progress against the Annual Audit Plan and on any limited or no assurance audits issued in the period.

4.2 The Audit Plan for 2021/22 was reviewed by the Committee in March 2021. To ensure that the Annual Audit Plan is more responsive to changing risks and challenges, it has been developed as a '3 plus 9-month' plan. This approach allows for the first three months to be identified in detail with the remaining nine months being more flexible to suit the needs of the Council at the time. The Plan is reviewed and updated following discussions with Directors, taking into account changing risks and priorities. The revised Plan is reported to the Committee on a quarterly basis and any significant changes in the coverage of the Plan will be highlighted.

Internal Audit Outcomes (April to August 2021)

4.3 Since the last report to the Committee five audits have been completed:

Audit	Assurance	RAG
St Peter's Primary School (Eaton Sq)*	Satisfactory	Green
Robinsfield Primary School*	Satisfactory	Green
NNDR*	Substantial	Green
Trading Standards*	Satisfactory	Green
Food Safety (see paragraph 4.5)	Limited	Amber

*Further information on these audits is contained in Appendix 2.

In addition, one advisory report has been issued in respect of the Council's claim for Covid-19 Surge Funding.

4.4 Three audits have been issued as draft reports and are due to be finalised shortly.

Environment & City Management – Food Safety (Amber)

4.5 The Food Safety Act stipulates that all food businesses must be registered by law. It is the duty of the Local Authority to approve, monitor and enforce the Food Safety Act across all food businesses within its borough. The role includes:

- carrying out the powers and functions vested in councils under the Act.
- providing day-to-day advice to food businesses and monitoring their compliance with the Act.
- registration of premises and food safety programmes.

- where appropriate, taking enforcement action against food businesses for breaches of the Act.
- 4.6 It is expected that the Council maintains a list of food business premises in the borough upon registration. This will allow the Food Safety function to undertake the necessary spot checking and planned monitoring. The premises are split into Categories A – E and the frequency of the visits depends on the type of food and method of handling, method of processing, consumers at risk, the level of compliance with food hygiene standards, safety procedures and the structure of the establishment and if there is any other significant risk.
- 4.7 The Service has the powers to enter and inspect these premises at all reasonable hours. They do not have to make an appointment and will usually visit without notice during normal opening hours in daytime, evenings, and weekends. Should any food business fail to comply with significant statutory requirements they will be subject to enforcement action and a revisit inspection.
- 4.8 The audit identified a number of areas of good practice including:
- Staff have access to procedure notes which were adequately detailed and comprehensive.
 - A good level of information is available to businesses regarding food safety and hygiene. Businesses can also contact the Service and request additional support if required.
 - The Service completes regular quality assurance (QA) checks of the work undertaken and this QA is recorded. There is also 100% compliance check for all new officers within the Service with appropriate management feedback provided to identify if improvements are required.
 - An inspection league of all the councils across the country, showed that Westminster had completed the most visits during the Covid-19 pandemic.
- 4.9 One high and five medium priority recommendations were made to address weaknesses identified in the following areas:
- It was identified that the Service did not have a formal strategy in place detailing their priorities. The Service is updating their Food Plan which is provided to the Food Standards Agency (FSA) on an annual basis, to ensure that it aligns with the Council's priorities which will include a forward look on the Service and will be signed off by the Public Protection & Licensing (PP&L) Senior Leadership Team and the relevant Cabinet Member.
 - The records of newly registered properties identified that a significant number of cases were outside of the 4-week initial visit target, with some dating back to 2017. The Service are looking at improvements to their processes and to add to the new ways of working that have already been initiated which include partial inspections, mobile working, document management support and dashboard improvements for service planning. Working groups have been established to look at and analyse staff output, working systems, inspection targets and IT improvements. The 4-week target for new premises will be communicated to all food officers and this will be monitored by the Food Lead and applicable Food Managers and reported as a KPI. Recent work on updating the dashboard has made this reporting now plausible.
 - Although quality assurance checks were completed, testing highlighted an issue with case recording with details of inspections or updates not always uploaded to the case management system in a timely manner. It was also noted that, on occasions, documents were uploaded to the wrong file. The Service is reviewing its existing QA process which will be updated to ensure

that there is a more intensive sample of cases being reviewed each month. This will include system (Uniform) checks to ensure that inputting and attachment of documents is accurate plus consideration of the number of cases that go through QA. Resources available to assist with the records management (Idox) and scanning of paperwork will be assessed and deadlines for paperwork will be monitored. The QA system will be managed by the Senior Practitioners in the Service

- Prior to the Covid-19 pandemic, the Service was put under performance review due to a back log of Category D cases. In addition, the team were not able to operate a normal inspection regime during the Covid-19 restrictions which was likely to increase the backlog of inspections and monitoring visits. The Service had a plan in place from April 2021 to bring the Service back in line with the expected standards of the FSA although this may not be possible within the existing structure of the Service. Recruitment to 4 permanent Environmental Health /Food Safety Officers had been initiated and 10 Environmental Health Officers throughout the Directorate who are food qualified have also been identified and repurposed to undertake a proportion of food hygiene inspections. Business Support staff are going to assist the Service by completing tasks such as records management and scanning to enable the officers to carry out more inspections. The Service will continue to follow the FSA's guidance on how to prioritise inspections and monitoring of inspection numbers will be undertaken. The PP & L Service is currently undergoing a programme of transformation and the Food Service has been reprioritised within this programme. There will be a project to take a focussed look at the Food Service to identify how the problems experienced be addressed.
- It is expected that the case management system will allow management to run reports enabling them to monitor the service provided. It was noted that the system had limitations which prevented the Service from measuring deliverables adequately. A project has been initiated by the Service to identify the issues surrounding the functionality of the current dashboard. The project will aim to analyse the needs of the Service in terms of reporting, with IT and Business Intelligence support to ensure that the dashboard meets these needs.

Although a number of recommendations have been made, it is important to note that the Service have and are making improvements. In addition, due to the transformation review in the PP&L directorate, the Service recognise that the recommendations made in the audit review need to be considered in line with the transformation programme rather than in isolation.

An initial follow-up audit will be undertaken at the end of calendar year and a second follow up in April/May 2022 when the inspections backlog is due to be completed.

Follow up

- 4.6 One follow-up review was undertaken in the period which confirmed that 78% of recommendations made had been fully implemented, with the implementation of the remaining recommendations in progress:

Audit	Recs Made	Recs Implemented	Recs in Progress	Recs not yet actioned
Deprivation of Liberty Safeguards (DoLS) – Advisory Review	9	7	2	0
Total High Priority	2	1	1	0
Total Medium Priority	7	6	1	0
Total Low Priority	0	0	0	0

4.7 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:

Moira Mackie on 07800 513 192 Email: Moira.Mackie@rbkc.gov.uk

or

David Hughes on 07817 507 695 Email: David.Hughes@rbkc.gov.uk

BACKGROUND PAPERS:

Internal Audit Reports

Internal Audit Status Report as at end August 2021

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
Finance & Resources	NNDR	Jul-2021	Substantial	0	0	1	Sep-2021
Schools	St Peter's Primary (Eaton Sq) (2020/21)	Aug-2021	Satisfactory	0	5	2	Sep-2021
	Robinsfield Primary (2020/21)	Jul-2021	Satisfactory	0	2	0	Sep-2021
Environment & City Management	Trading Standards	May-2021	Satisfactory	1	4	0	Sep-2021
	Food Safety	Jun-2021	Limited	1	5	0	Sep-2021

Status of Planned Audits:

Plan Area	Draft Report Issued	In Progress	2021/22 Not Yet Due
Cross-cutting			<ul style="list-style-type: none"> Governance & Compliance
Adult Social Care			<ul style="list-style-type: none"> Debt Management
Children's Services		<ul style="list-style-type: none"> Supporting People Claims (on-going) Purchase Cards Payments & Direct Payments Team Placements – Operational & Financial Systems Integration 	

Internal Audit Status Report as at end August 2021

Plan Area	Draft Report Issued	In Progress	2021/22 Not Yet Due
Schools	<ul style="list-style-type: none"> • Christchurch CE Bentinck Primary • St Luke's Primary 	<ul style="list-style-type: none"> • Hampden Gurney Primary • St Gabriel's CE Primary 	<ul style="list-style-type: none"> • All Sous Primary • Burdett Coutts Primary • Essendine Primary • Hallfield Primary • St Edward's RC Primary • St Vincent's RC Primary • St Augustine's Federated Schools – Secondary • Schools Thematic Work (VAT)
Finance & Resources	<ul style="list-style-type: none"> • IT Asset Management 	<ul style="list-style-type: none"> • Treasury Management (2020/21 – report drafted) • Key Financial Controls (on-going) 	<ul style="list-style-type: none"> • Council Tax • Housing Benefit • IT – Programmes & Projects Governance
People Services		<ul style="list-style-type: none"> • Payroll Compliance Testing (on-going) 	
Growth, Planning & Housing		<ul style="list-style-type: none"> • Lessee Charges (2020/21) • Housing Health & Safety (Lifts Maintenance and Electrical Safety) 	
Environment & City Management		<ul style="list-style-type: none"> • Sayers Croft Outdoor Learning Centre 	
Innovation & Change		<ul style="list-style-type: none"> • Performance Reporting 	

Additional Information on Assurance Audits (main report paragraph 4.3)

Finance & Resources – NNDR (Substantial)

Different aspects of the NNDR system are usually reviewed on a three-year cycle, however, the audit originally planned for 2020/21 was delayed as the NNDR Service was focused on processing business grants payable due to the pandemic. To account for this, the recently completed review included the areas from both the 2020/21 and 2021/22 cycle of the plan and covered the following areas:

- Governance, including segregation of duties
- Policy and procedures
- Identification of businesses including reconciliations to other data
- Set up and amendment of business records
- Billing and uprating
- Convenient ways to pay
- Receipts
- Refunds
- Covid-19 impact.

The audit provided substantial assurance that all of the areas reviewed were operating effectively and only one low priority recommendation was made which has already been implemented.

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 where required. 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, two final reports have been issued in respect of the following schools:

- St Peter's Primary (Eaton Square)
- Robinsfield Primary

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

Environment & City Management – Trading Standards (Satisfactory)

Trading Standards has a statutory duty to enforce a wide range of primary, criminal and civil legislation. The Service targets traders and activities considered to pose the most risk to consumers, legitimate businesses, and the community. As well as dealing with complaints the Service also provides advice to consumers and businesses, deals with press enquiries and requests for talks and presentations. Due to COVID-19 and the redeployment of staff, Trading Standards work had been paused during 2020/21 although as lockdown eased, they resumed their work and the backlog of work is currently being managed by the Service.

Additional Information on Assurance Audits (main report paragraph 4.3)

The audit identified a number of areas of good practice including:

- The service has access to sufficient external regulatory notes which provide staff assistance and guidance, so they are aware of their legal obligations. Procedural guidance has also been developed and made available to staff.
- A good level of information is available to residents regarding Trading Standards Service, and they are provided with a satisfactory number of methods of reporting.
- Businesses can also contact the Service and request additional support which is well utilised. Advice given to businesses is a chargeable service with billing in 2020/21 of £100,000, with less than 10% outstanding in debt as they have a robust debt collection in process in place.
- The Service also undertakes visits to businesses to educate and advise on and ensure compliance with relevant legislation with some, such as underage sales, undertaken with the Police.
- Seized evidence is logged on to the Service's evidence database and appropriate records maintained of the disposal of evidence when it is no longer required.

One high and four medium priority recommendations were made to address weaknesses identified in the following areas:

- The Service Priorities were last reviewed in November 2019 and did not reflect the Council's revised City for All Vision. The Service undertook to review the priorities to ensure that they are relevant, appropriate, agreed by management and made available to staff as well as being considered against the wider review of the Public Protection & Licensing (PP&L) Strategy.
- Some requests that had come through via the call centre that had not been dealt with in a timely manner by the Service and it was noted that case notes, details of visits or updates were not always uploaded to the case management system in a timely manner. There were also issues regarding case closures. The Service is implementing documented monthly sample checks to verify that information is correctly and completely recorded and to ensure the timely closure of cases.
- Due to the pandemic the Service created an objective with a focus on COVID 19. This was detailed and contained sufficient information. However, a reduction in staff, with some resources redeployed to support the Covid-19 response, has impacted on service output, causing a backlog of complaints being resolved and limited visits taking place. The Service are reviewing any remaining backlog of work with a plan in place which ensures that the most urgent cases are prioritised. A review of the Service and resources available will also be undertaken to ensure there is an adequate team structure to deliver the Service in the future.
- As part of monitoring performance and quality checking it is expected an element of 'spot checking' by managers would be undertaken on referrals. Due to the limited resources and time constraints; this had not been completed on a consistent basis. The current KPIs are being reviewed and these include a plan for how they will be monitored and reported with benchmarking opportunities explored. Officer caseloads will also be reviewed to make sure that they are manageable.
- A system error was identified in respect of how entries recorded on the system (Uniform) were being reported. The Service is reviewing the codes to be recorded

**Additional Information on Assurance Audits
(main report paragraph 4.3)**

on the system and will ensure that their officers and call centre staff are advised of the correct codes to be used once this review is complete. The Service is also reviewing the reporting functionality of Uniform to ensure that it can provide the management information required and will arrange training on the system where required.

With all of the recommendations made, we have asked management to ensure that they consider how our audit recommendations interlink with the areas being reviewed within the directorate so that the agreed actions are aligned with the Public Protection & Licensing transformation programme rather than in isolation.