

Internal Audit and Counter Fraud Quarter 1 Progress Report 2021/22

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1. Summary of Completed Audits

Payroll (2020/21) – Reasonable Assurance

- 1.1 The council's payroll and HR processes are hosted on the Personal Information and Employment Resource (PIER) system. The system covers salary, overtime and other employment related payments such as travel and subsistence, and some system data can be input by individual employees on a self-service basis.
- 1.2 The total payroll value for 2020/21 financial year was in excess of £94m (excluding schools) in relation to approximately 5,000 staff.
- 1.3 The purpose of the audit was to provide assurance that controls were in place to ensure:
 - The correct administration of starters, leavers and permanent variations to pay;
 - Payroll payments to and deductions from employees are accurately calculated and paid on time;
 - Pay runs and Bacs transmissions are correct and authorised;
 - Temporary payments (including additional hours, expense claims and payment to casual staff) are correctly authorised prior to processing;
 - Changes to data are reviewed, accurately input and authorised.
- 1.4 The audit provided Reasonable Assurance over the controls operating over this system.
- 1.5 The main controls over starters, leavers and amendments to the payroll system were tested and all found to be operating as expected. In addition, controls for pay runs and Bacs transmissions were also tested and found to be operating as expected, with appropriate segregation of duties and authorisation.
- 1.6 There were, however, a number of areas where improvements are required as set out in the following paragraphs.
- 1.7 There were two errors identified in Payovers made to third parties. In the first instance, an overpayment of £92k was made in October 2020 to the Student Loans Company. We then identified a second similar significant error in the March 2021 Payovers which was stopped before payment was made. These errors and the underlying control weakness have already been rectified.
- 1.8 We also reviewed system documentation relating to a problem with the payroll / general ledger reconciliation which was already known about but not resolved. The amounts involved are not significant but the cause of the discrepancies was not fully understood and the problem has been ongoing for 12 months. An action was agreed to address this control issue.

- 1.9 Our review of temporary payments (including expense claims and payments to casual staff) found that appropriate controls are in place. However, our testing found that authorisation is sometimes taking place without the required evidence in support of the claim.
- 1.10 Due to COVID-19, the service has not been able to review the cases of salary overpayments (£72k) and advances (£12k) to either recover or write off as agreed in the 2019/20 audit report.
- 1.11 Actions have been agreed with service management to improve controls in all of the above areas.

Council Tax (2020/21) – Reasonable Assurance

- 1.12 Council Tax is a key financial system operated by the Revenues and Benefits team, dealing with the calculation, billing and collection of the Council Tax revenue.
- 1.13 The Council agreed to an increase of 3.99% for the Brighton & Hove City Council element of Council Tax. This was budgeted to raise £149.2million in 2020/21, an additional £6.0 million from 2019/20. Covid-19 has, however, had a significant impact on the ability of the service to pursue debts with recovery being suspended in March 2020.
- 1.14 The purpose of this audit was to provide assurance that controls are in place to meet the following objectives:
- All taxable properties were being identified and regularly reconciled to the Valuation Office Records;
 - An accurate calculation has been made of the chargeable amount for each property;
 - Demand Notices are sent out promptly, income collected is posted to the correct debtor account;
 - Outstanding debt is regularly monitored and reviewed. Recovery action is taken in accordance with an approved (documented) recovery process;
 - There is a defined procedure for writing off debts when the outstanding amount is considered irrecoverable;
 - Reconciliation is carried out between the Northgate system and the council's Financial Information System.
- 1.15 Based on the work undertaken, we have been able to provide Reasonable Assurance over the operation of the system.

- 1.16 Information regarding property changes is received from the Valuation Office (VOA) and Council Tax systems are promptly updated, and bills issued. Regular reconciliations take place to ensure the council's records are accurate.
- 1.17 The annual billing process continues to be undertaken within strict timescales resulting in timely and accurate bills being issued for liable properties.
- 1.18 The council tax collection fund ended the year with a deficit of £6.645m, with the council's share of the overall deficit being £5.637m. This has been mainly caused by expected losses in collection relating to both the current year and the collection of arrears, increased Council Tax Reduction awards, fewer properties being added to the valuation list, higher net awards of other discounts, ongoing increase in Severely Mentally Ill exemptions (including backdated elements), and other exemptions.
- 1.19 Four medium priority actions were agreed with the service to improve controls as follows:
- Additional review of exemptions and disregards to ensure their continued validity;
 - A review of the system separation of duties identified in our refund testing;
 - To reinstate the quarterly write-off processes;
 - Improving communication with other council departments where they are the liable party for council tax debts.

Recruitment – Reasonable Assurance

- 1.20 Effective recruitment and selection processes ensure that the council has the necessary knowledge, skills and experience to fulfil its responsibilities and achieve its objectives. In addition, employee checks and vetting are also an essential component of the council's arrangements for maintaining high standards of governance and conduct in the organisation.
- 1.21 Robust arrangements are also needed to ensure that all recruitments obtain suitable evidence of identity and competency. It is also a key system in supporting the council's commitment to equalities.
- 1.22 The purpose of this audit was to provide assurance that controls are in place to meet the following objectives:
- The recruitment process ensures that all appointments are made in accordance with approved procedures, including obtaining references and evidence of qualifications;
 - That controls are in place to prevent the appointment of individuals with relevant convictions or other indicators that dictate that they should not work with children or vulnerable adults;

- Controls are in place to prevent the employment of individuals with false identities or no right to work;
- That processes are in place to ensure that recruitment procedures support delivery of the Council's Fair and Inclusive action plan objectives and that the effectiveness of these processes is being evaluated and that our workforce reflects the communities it serves.

1.23 The audit concluded reasonable assurance and found that most aspects of the pre-employment controls are working effectively. These include obtaining references and evidence to support qualifications, identity and DBS checks.

1.24 Our work did, however, identify a number medium priority risks where there is scope for improvement in control, including:

- A decision was made last year that candidates should be shortlisted anonymously to assist with reducing unintentional bias in the recruitment process. However, this is applied inconsistently as a decision is required as how to meet this expectation when CV's are accepted from candidates;
- A process of requiring all successful candidates to be given the Councils Anti-Fraud and Corruption Strategy has lapsed and needs to be reinstated;
- Remote working meant that evidence was not always retained that ID documents have been seen and verified;
- New Home Office guidance on right to work was not easily accessible to recruiting managers;
- There is scope for improving the visibility and accessibility of key information to candidates on the council's website and to review how recruitment equalities information is monitored in each Directorate Plan.

1.25 In all cases, appropriate actions to address these issues have been agreed with management.

Housing Benefits (2021/22) – Reasonable Assurance

1.26 Housing Benefit (HB) and Council Tax Reduction (CTR) are administered by the Revenues and Benefits team at the council. In 2017, Housing Benefit was replaced by Universal Credit for new claimants. Housing Benefit expenditure for 2020/21 was £119.2 million.

1.27 The aim of this audit was to provide assurance that controls are in place to meet the following objectives:

- All benefit payments are legitimate and appropriate;
- Assessment of benefits is accurate and timely;
- Overpayments and write-offs are managed, monitored and reported;

- Regular reconciliations are undertaken between the Benefits System, Housing Rents and General Ledger;
 - Quality Assurance arrangements are effective.
- 1.28 The audit concluded Reasonable Assurance and found the service manages and monitors performance regularly and are responsive to demands on the service. They prioritise assessments for new claims and where an overpayment is more likely.
- 1.29 Sample testing of new claims found them to be assessed accurately, with the processing time for new claims slightly better than the national average. Our testing of extended payments, use of dummy and nil income, and self-employed claimants did not find any issues.
- 1.30 Our review of overpayments highlighted that most were as a result of the DWP notifications to the council via automatic alerts. In all cases examined, the overpayment had been correctly calculated and recovery was in place.
- 1.31 Write offs were found to be processed on a regular basis, with additional narrative to support those larger amounts (over £2.5k) and all had been correctly approved. The HB payment runs are operating well, and our testing showed that these are subject to appropriate checks and reconciliation by staff not involved in day to day assessment of claims. Other reconciliations between all the key systems (Northgate, Rents & GL) were in place and operating as expected.
- 1.32 The review did, however, identify the following areas for further improvement:
- Benchmark figures shows a worsening position compared to the national average for processing changes to circumstances;
 - For backdated claims, some errors were identified where the backdate period exceeded what could be allowed for. These have been corrected and the small balances written off, as the claimant could not have been expected to know this was an error;
 - The quality assurance process was disrupted during the pandemic as staff were deployed to assisting with the increase of claims. The 4% random check on all claims was not operational for 5 months during 2020/21;
 - There has been a steep increase in the backlog of work during 2020/21, due to the pandemic. Efforts to mitigate this are ongoing and include the development of robotics to automate amendments when notified via DWP alerts.
- 1.33 Actions have been agreed with service management in relation to each of these risks.

Housing Management System (Implementation) – Partial Assurance

- 1.34 The purpose of this audit was to evaluate the governance over the Housing Management System replacement project and to provide assurance on progress to date.
- 1.35 The Open Housing Management System (OHMS), provided by Northgate, has been in place for over 20 years and the contract expired July 2018. A review of the system by the Housing IT Programme Board in 2016 highlighted that although the system supported traditional processes, it is constrained by a lack of modern functionality that is now required by social landlords. Following a competitive procurement process the new contract was awarded to Northgate to replace OHMS with NPS.
- 1.36 This is a critical system supporting vulnerable people in the city. The aim of the project is to move to a new IT system which will support council housing services, meeting both current and future needs.
- 1.37 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
- Effective quality and cost controls are in place;
 - Risk management is appropriately addressed;
 - Reporting and communication during the programme is well managed;
 - Detailed implementation and change management plans are in place.
- 1.38 The audit concluded partial assurance as some significant risks to the implementation of the NPS system were identified. However, we also note that many aspects of the project's management are well run, documentation is good and provides an effective audit trail.
- 1.39 It has been challenging to resource this project with the skills that are needed. This has been compounded by further pressure on resources created by the COVID-19 pandemic and the in-sourcing the Housing Repairs Service in April 2020.
- 1.40 The key areas for improvement (whether for future stages in this project or for future projects in HNC) are detailed below.
- 1.41 The Senior Responsible Officer for this project has not been able to attend programme board meetings over the last year due to the demands on their time. Although responsibilities have been delegated to another senior manager, with decisions referred to the Housing Leadership team, this adds additional risks to a project of this complexity and importance.
- 1.42 The new system will contain all information for leaseholder accounts and the responsibility for debt collection of service charges will be transferred from the Central Debt Collection team to

Housing. This will happen in phase one of the implementation but at the time of the audit there was no agreed plan on the new process and how this will be resourced.

- 1.43 There are no plans to connect the asset management system (APEX), via an interface, to the new system. This increases risk associated with the quality of asbestos and electrical information, which is held in two systems APEX and Mears MCM.
- 1.44 A continued risk exists that processes, that have not been mapped for the housing repairs system, may have an impact on this project. Furthermore, an issue exists over how information on the cost of repairs will be captured. All repairs and works will be raised initially in the new system but then the cost of in-house repairs and contractors, used via the Mears supply chain, will be captured in another system, MCM. As such, there is a risk that costs, especially labour costs, are not captured in a useable way.
- 1.45 To implement NPS, project staff have estimated that two weeks downtime will be required. Over this period Housing staff will have no edit access to OHMS or the new NPS system. Contingency plans need to be drawn up for this period.
- 1.46 Finally, communication and training plans for stakeholders were still being drafted at the time of our audit. To further help engagement, it would be helpful to review and update the Business Case for the project and remind stakeholders of the rationale and benefits of the new system.
- 1.47 As part of our report, a formal action plan has been agreed with management to address all of the above issues by 1 September 2021.

City Clean - Commercial Waste & Contracts (Follow-up) – Partial Assurance

- 1.48 This review was conducted to follow up on the actions arising from a previous internal audit from 2017, that concluded Minimal Assurance.
- 1.49 This audit focused on the City Clean Commercial Waste Service and also its arrangements for managing external contracts. Internal Audit has already reported on issues relating to the Public Convenience cleaning contract at the last meeting of this Committee and these were therefore not repeated within this report.
- 1.50 The objectives of the audit were to ensure that the actions from our 2017 audit had been implemented and that controls are in place to ensure:

For Commercial Operations (where the council is the service provider):

- There are appropriate approved business plans in place, including financial forecasts;

- Formal contracts or agreements are in place with all customers;
- Controls are in place to ensure the service generates a surplus or breaks even.

For External Contracts (where the council is the customer):

- All contracts are let in accordance with CSO's;
- Contract management is effective (including delivery to both cost and quality standards).

- 1.51 Overall, based on the follow up work completed have only been able to provide an opinion of Partial Assurance.
- 1.52 With regard to the council's commercial waste service, we found that although improvements had been made, not all debts had been actively pursued in a timely manner. In addition, the monthly report received by the service detailing debts relating to individual trade waste customer's needed redesigning to provide more meaningful information.
- 1.53 We also identified pricing variations compared to those recorded in the agreed pricing model (for individual commercial waste customers). Any exemptions to the agreed model should be documented and authorised.
- 1.54 There was evidence that progress had been made in some areas since the last audit in the management of the commercial waste service. The service has reviewed its staffing resources, additional administration support resources have been provided and business planning has been improved. Covid-19 has had a negative impact on the income for this service, but there is evidence that the budget is now regularly scrutinised under the TBM process. This includes a review to ensure relevant expenditure is being included in the budget.
- 1.55 With regard to the management of external contracts, we found that the service does not maintain a central register of contracts and as such it was difficult to establish basic details of some contracts.
- 1.56 In addition, regular and timely contract meetings are not being held for all contracts.
- 1.57 Framework Agreement procedures are not always being followed correctly by the service. For example, the service does not always quote the framework when placing an order and this could lead to overcharging, especially where framework prices may not be applied.
- 1.58 The Assistant Director has confirmed the completion of a service redesign and additional funding for a Procurement and Contract Manager to assist with further improvements to the service and to address these remaining actions. All of which will be subject to a further follow up by Internal Audit in due course.

IT Access Management – Partial Assurance

- 1.59 Access management is the process by which users' network accounts and access to systems and data is controlled to maintain a secure data environment. Managing this effectively prevents unauthorised access to systems and data.
- 1.60 This audit was undertaken to understand the control environment for managing access and changes to network accounts following a significant data breach. As a result of the breach, it was identified that access to files and network folders may not be well managed.
- 1.61 The scope of this audit was to include the controls used to manage users' access to centrally managed systems and network folders for; new starters, department movers, and those leaving the Authority. The audit also considered the accuracy of the Active Directory (AD) and how this is managed, the contents contained within it and controls in place to ensure the AD is accurate.
- 1.62 Based on the work carried out, we were able to provide only Partial Assurance over the control environment. Whilst the access control framework provides an efficient process, and it is clear that the Access Management Team know the process well and use it to complete requests in a timely manner, there remain weaknesses in controls and processes that require addressing.
- 1.63 Although the Access Modernisation Project had been actively working to resolve a number of the issues identified during our review, the project has been placed on hold to enable IT&D to support the Authority's response to the on-going Covid-19 pandemic.
- 1.64 A summary of the main findings can be found in the following paragraphs.
- 1.65 The process for managing User Access is supported by a number of teams who do not routinely interact to manage the end to end process. Further, our testing found that responsibilities for access management have not always been clearly assigned to individuals and/or teams.
- 1.66 Controls are not sufficient to ensure that new network accounts are bona fide, with the minimum access required and can only be accessed by the named individual.
- 1.67 No one person or team has been assigned responsibility for reviewing, maintaining or reconciling the AD. The AD reconciliation is crucial to ensure all accounts remain current and permissions reflect the users' role.
- 1.68 The process to remove, disable and delete leavers network accounts are not sufficient to ensure activity is undertaken in a timely manner. This increases the risk of accounts remaining active and being accessed after users have left.

- 1.69 After careful consideration by IT&D, effective actions have been agreed to manage the one high, three medium and one low risk findings identified during the audit. Some of these actions had been implemented prior to the report being finalised.
- 1.70 Internal Audit have planned follow-up activity for 2021/22 and will work with IT&D to pro-actively support the Access Modernisation Project.

Housing Temporary Accommodation (Follow-up) – Minimal Assurance

- 1.71 This audit is part of the agreed Internal Audit Plan for 2020/21 and follows up on the previous audit report issued in October 2019, which concluded Partial Assurance.
- 1.72 The objective of this review was to obtain assurance that the agreed actions from our 2019 report have been implemented and that controls are in place and operating as expected in relation to following control objectives:
- There are effective budget management arrangements in place within the service;
 - Rent recovery rates are monitored and rents are being recovered in a timely manner.
- 1.73 Covid-19 has had a significant impact on the service. Staffing resources were diverted to manage the provision of emergency shelter for homeless people, including many being housed in hotels as part of the government's 'Everyone In' programme. The council successfully bid for government funding under the Next Steps Accommodation Programme (NSAP) to support this initiative. However, grant conditions limited support to those accommodated before 30 September 2020, while the council's accommodation offer continued for those verified as rough sleepers and those people assessed as at risk of rough sleeping.
- 1.74 In addition to Covid19 impacts, ongoing challenges were being experienced in relation to the introduction of the Homelessness Reduction Act 2018, the high cost of the local housing market, the roll out of Universal Credit and the continued high turnover of staff within the service.
- 1.75 A Temporary Accommodation Improvement Programme is now in place, with resource support from the Performance & Improvement Team. This work includes looking at how to reduce the use and length of stay in Temporary Accommodation, along with improving homeless prevention and moving people to more sustainable accommodation.
- 1.76 Our follow up audit concluded minimal assurance, with some significant risks identified relating the budget management and debt recover arrangements for the service.
- 1.77 The key areas where improvements are required are detailed in the paragraphs below.

- 1.78 Financial data provided by the service to Finance needs to be improved to allow Finance to spend time developing the budget forecast and providing options. At the time of audit, the service was forecast to be overspent by £0.1m in 2020/21 (£1.3m including expenditure on rough sleepers). This forecast was after the application of significant one-off government grants and therefore, without continued additional funding there is an ongoing risk of significant budget overspends in this service.
- 1.79 Arrears relating to current tenancies have not been pursued since our last audit. Pressures created by the Covid-19 pandemic have had a significant impact on making improvements in this area and it means that amounts outstanding are still in excess of £1m.
- 1.80 The service does not pursue debts that relate to former tenancies and as such, the current system is not effective in ensuring that all collectable income is recovered. There is currently over £2m in former tenancy arrears, much of which is likely to be unrecoverable.
- 1.81 Our audit also identified queries with data quality relating to the detailed outstanding debt figures. Until these queries are resolved there is a potential additional risk regarding the accuracy of arrears figures.
- 1.82 Although the service has documented the procedure for the processing and authorisation of write-offs, significant progress with actioning this debt has still to be taken.
- 1.83 Whilst the service has received capital funding to procure or build units to move on temporary accommodation tenants, the main strategy to address the funding shortfall continues to be based on reducing the number of temporary accommodation units. Although the service has moved people into private rented accommodation during this financial year, primarily due to the impact of Covid-19, the numbers required for this strategy to result in a balanced budget have not been realised.
- 1.84 A separate system, Abritas, is used to manage Emergency Accommodation accounts. This system does not however, interface with the general ledger and accounts in arrears are not treated as debtors. Whilst there is a plan for current emergency accommodation tenancies to be moved to the new housing management system (NPS) system later in 2021, there is no plan to move former tenants or their arrears on to the new system.
- 1.85 Six high and medium priority actions were agreed with the service to address the risks identified in our report. These have been included within a detailed action plan and additional resources have been made available to move these actions forward. Nonetheless, it has been reported that some of the actions will take time to implement, with target dates for three of the actions in March 2022.

Travel Demand Management Grant

- 1.86 This grant was provided for local authorities to help them assess the challenges and provide solutions to deliver sufficient and safe transport for the return to education during the Covid-19 period.
- 1.87 As at the end of May 2021, we certified a total spend of £38,776 out of £100,000 funding that was received. Authorisation has been obtained from the Department for Transport to use the remaining amount of grant in 2021/22.

EU Grant – SHINE (Claim 10)

- 1.88 This is an EU Interreg project that requires grant certification at least once a year. The full title of the project is ‘Sustainable Housing Initiatives in Excluded Neighbourhoods’. The total value of the project between 2016 and 2021 is approximately £367,000 (grant expected £220,000).
- 1.89 No significant issues were identified in the grant certification.

EU Interreg Grant – SCAPE (Claim 9)

- 1.90 This is an EU Interreg project that requires grant certification at least once a year. The full title of the project is Shaping Climate Change Adaptive Places. The total value of the project is approximately £488,000 (grant expected £293,000).
- 1.91 No significant issues were identified in the grant certification.

Additional Dedicated Home to School & College Transport Grant (Tranche 4)

- 1.92 This audit was the certification of grant related expenditure of £116,512. The grant was from the Department for Education with the objective of boosting transport capacity for dedicated school and college services during the Autumn and Spring terms, whilst social distancing measures are in place on public transport.
- 1.93 No significant issues were identified in the grant certification.

2. Proactive Counter Fraud Work

- 2.1 Internal Audit deliver both reactive and proactive counter fraud services across the Orbis partnership. Work to date has focussed on the following areas:

National Fraud Initiative (NFI) Exercise

- 2.2 The results from the latest National Fraud Initiative were received on 31 January 2021. Internal Audit continue to liaise with the services to ensure that matches are reviewed and processed. To date, the exercise has identified a Housing Benefit overpayment totalling £15,200.

Counter Fraud Strategy

- 2.3 Each Orbis partner has in place a Counter Fraud Strategy that sets out their commitment to preventing, detecting and deterring fraud. The current Counter Fraud Strategy was approved by Audit and Standards Committee on 10 March 2020. Internal Audit are currently reviewing and updating the individual sovereign strategies for each Orbis partner.

Fraud Risk Assessments

- 2.4 Fraud risk assessments are regularly reviewed to ensure that the current fraud threat for the council has been considered and appropriate mitigating actions identified. We have updated the risk assessment to include new and emerging threats as a result of the COVID19 pandemic. This includes potential threats to payroll, staff frauds relating to home working and cyber frauds.

Fraud Response Plans

- 2.5 The Fraud Response Plans take into consideration the results of the fraud risk assessments and emerging trends across the public sector in order to provide a proactive counter fraud programme. The Fraud Response Plans includes a data analytics programme for key financial systems.

Fraud Awareness

- 2.6 The team have published fraud bulletins raising awareness to emerging threats, in particular recent risks from the Covid pandemic. These were published on the intranet and shared with high risk service areas. In addition, the team continuing to monitor intel alerts and work closely with neighbouring councils to share intelligence and best practice.
- 2.7 The team are currently developing a Fraud Awareness session that will be delivered to the Business Operations teams in August and September 2021.

Reactive Counter Fraud Work - Summary of Completed Investigations

Housing Repairs

- 2.8 Following a whistleblowing allegation, we conducted preliminary enquiries relating to allegations of misuse of overtime, misuse of council resources and conflicts of interests in the Housing Repairs Service. Preliminary enquiries identified several procedural issues, but no fraud was

identified. A report summarising our findings has been issued to the Director of Housing and HR who will address the procedural issues.

Parking Fines

- 2.9 An investigation was conducted following an allegation that an employee had registered a vehicle in a false name in order to avoid paying Penalty Charge Notices for illegal parking. The investigation established the vehicle belonged to the employee and advice was provided to the Parking Team on recovering the debt.

School Investigation

- 2.10 Following receipt of an anonymous report alleging misuse of the PE & Sports Premium at a school, Internal Audit undertook an investigation. During the course of the investigation additional allegations were received alleging nepotism in the appointment of school staff and misuse of resources. Following the investigation, Internal Audit agreed a number of actions to improve control in relation to the appointment and vetting of staff, and governor oversight of procurement decisions. Following receipt of the report the Chair of Governors has subsequently commissioned an independent governance review of the school with the support of Governor Services.

COVID19 Business Grants

- 2.11 During the quarter, we have continued to provide the Business Rates Team with advice and support when administering applications for the Small Business Grant, the Retail, Hospitality and Leisure Grant Fund and the Restart Grant. The team have also investigated allegations of false applications for the grants.

Housing Tenancy & Local Taxation

- 2.12 In addition to the above, a key focus area remains housing tenancy fraud and Local Taxation. The pandemic has impacted on the team's ability to conduct interviews and visits, but we are now working with the Housing Service to progress cases.

Non-Audit Work

- 2.13 One member of the Internal Audit and Counter Fraud Team have continued to support the wider response to the pandemic through part time redeployment with the Ways of Working Recovery Group.

3. Action Tracking

- 3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 1, 93% of high priority actions due had been implemented.
- 3.2 As at the end of June 2021, there were three high priority actions which were overdue. Details of these are provided below, together with a revised deadline for implementation.

Details of Audit, Risk and Action	Dir.	Due date	Revised date	Progress and comments
<p><u>Housing Repairs Service : Use of Waivers</u></p> <p>In order to get this service up and running by the 1st of April 2020, the council has relied heavily on the use of contract waivers to procure a works management system, a fleet and a supply chain for materials and subcontractors. The value of waivers agreed were estimated to be worth £9.36m.</p> <p>These issues have not been resolved at the time of the audit and the service was still operating under a significant number of contracts that were let under waiver arrangements.</p>	HNC	28/02/2021	31/12/21	As at the end of June 2021 this issue had not been resolved but proposals have now been agreed by the Housing Committee (June 2021) to carry out tender exercises to replace the current Waivers.
<p><u>Housing Repairs Service : Signing of contracts</u></p> <p>There were significant delays to the signing of contracts with Mears. All but one of the contracts have now been signed but there are risks relating to this contract and therefore the issue needs to be resolved.</p>	HNC	28/2/21	Not applicable	This action has now been implemented.

Details of Audit, Risk and Action	Dir.	Due date	Revised date	Progress and comments
<p><u>Housing Repairs Service : Mapping Key IT processes</u></p> <p>At the time of the audit key IT processes and interfaces have not been mapped by the programme management team.</p> <p>The Housing team are currently replacing several IT systems, NPS, APEX and Home Connections. Systems are interconnected and in order to provide IT systems to housing that are fit for purpose and help improve performance across the housing service.</p> <p>The decision to use Mears MCM as the council's works management system has meant that officers have relied on it working in the same way when the service moved in-house.</p>	HNC	28/2/21	31/12/21	<p>Internal audit has been liaising with the service in respect of this action. Although progress is being made as at the end of June 2021 the action had not been fully implemented.</p>

3.3 In addition to the above, there are a number of high priority actions which have had their implementation deadlines extended. If these revised deadlines are not met, these actions will be reported to the next meeting of the Audit & Standards Committee.

4. Amendments to the Audit Plan

4.1 In accordance with proper professional practice, the Internal Audit plan for the year was kept under regular review to ensure that the service continued to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management, the following reviews were added to the original audit plan during the year.

Planned Audit	Rationale for Addition
School Attendance	Reinstated following deletion from the 2020/21 audit plan.
Black Rock - Major Project	The Black Rock project is a major capital project for the City. Following a widely reported issue regarding the “greenwall” this audit was agreed to provide assurance on the project and that are not any wider issues with the governance of the project.
Performance Review Compliance (1 to 1s)	Following consultation with the Head of Human Resources it was agreed to include an audit to obtain a greater understanding of the risks and controls in the operation of the councils one to one and personal development planning arrangements for staff. This is an area where corporate performance monitoring records that compliance is poor.
Welfare Discretionary Funding	As a result of the Covid pandemic, a number of discretionary welfare grants have been funded by central government and administered by the council and paid out to residents of Brighton & Hove. The purpose of this review is to assess the adequacy of operational processes in place to administer these discretionary welfare grants and that they are effective, appropriate and consistent.

4.2 In order to allow these additional audits to take place, the following audits have been removed or deferred from the audit plan and, where appropriate, will be considered for inclusion in future audit plans as part of the overall risk assessment completed during the annual audit planning process. These changes have been made on the basis of risk prioritisation and/or as a result of developments within the service areas concerned requiring a rescheduling of audits:

- Cloud Computing (Follow-Up).
- Corporate systems replacement strategy and implementation.

5. Internal Audit Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set of agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	Approved by Audit & Standards Committee on 9 March 2021.
	Annual Audit Report and Opinion	By end July	G	2020/21 Annual Report and Opinion approved by Audit Committee on 29 June 2021
	Customer Satisfaction Levels	90% satisfied	G	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	27%
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	January 2018 – External assessment by the South West Audit Partnership gave an opinion of ‘Generally Conforms’ – the highest of three possible rankings July 2021 - Internal Self-Assessment completed, no major areas of non-compliance with PSIAS identified.
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	A	93% at end of quarter 1.

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Our staff	Professionally Qualified/Accredited (Includes part-qualified staff and those undertaking professional training)	80%	G	91%

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.